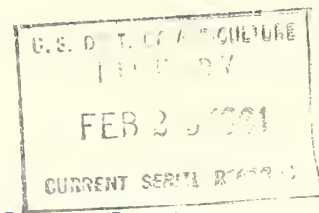


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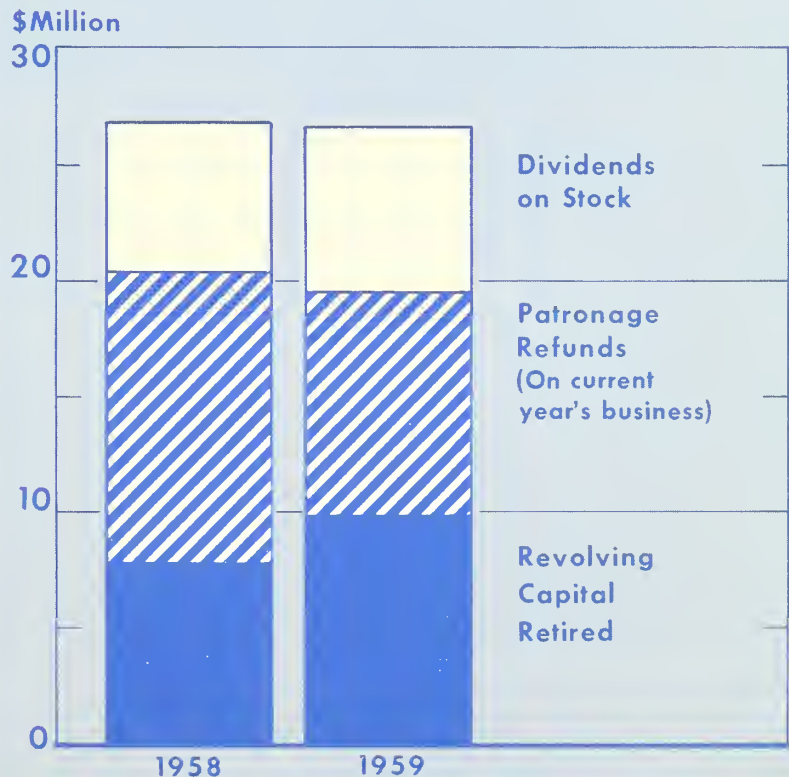
on Major Regional Cooperatives Handling Farm Production Supplies, 1958 and 1959

by J. Warren Mather

FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE

General Report 89
January 1961

Cash Distributions to Patrons



FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives, and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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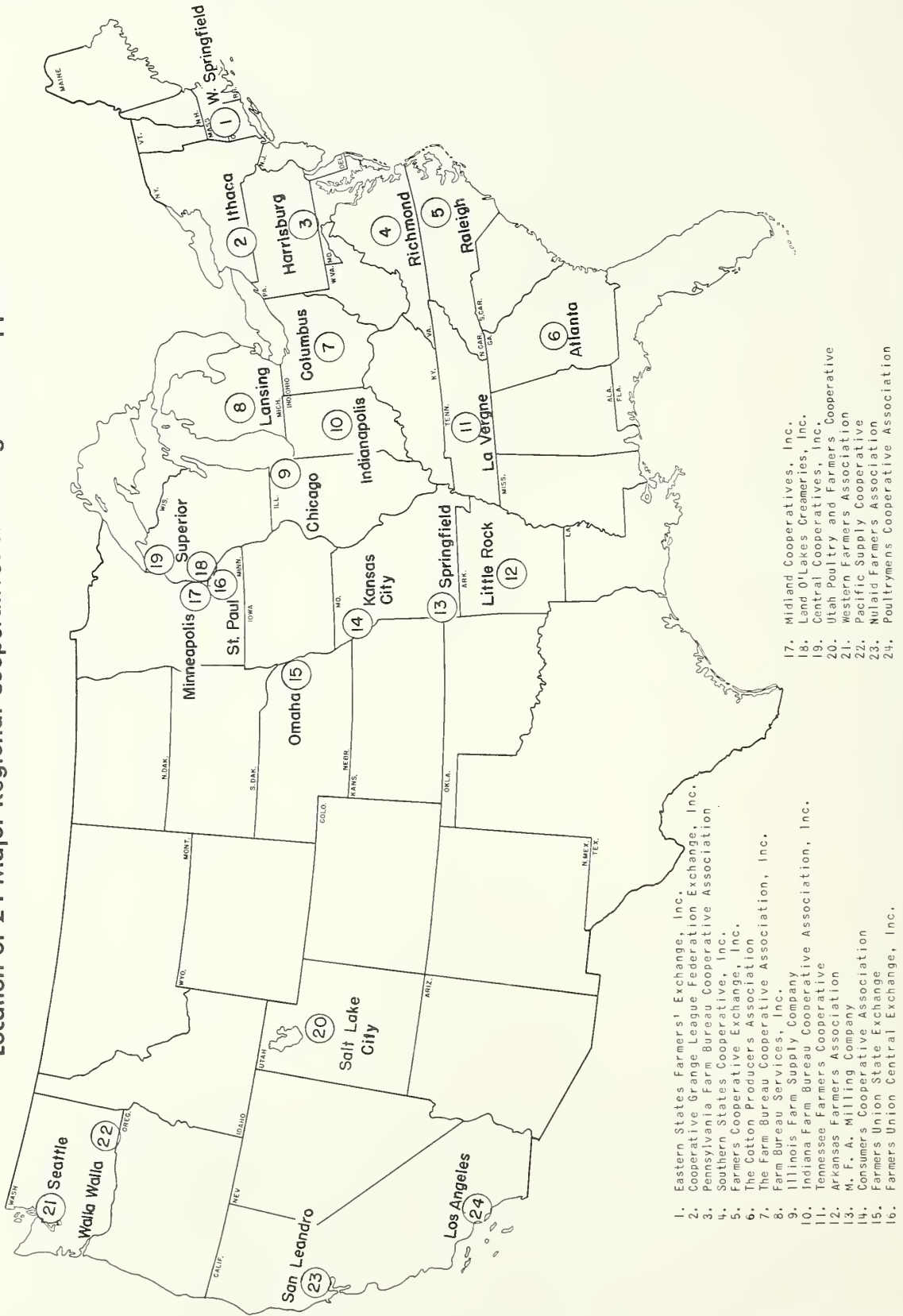
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Figure 1

Location of 24 Major Regional Cooperatives Handling Farm Supplies



1. Eastern States Farmers' Exchange, Inc.
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3. Pennsylvania Farm Bureau Cooperative Association
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23. Nulaid Farmers Association
24. Poultrymens Cooperative Association

Handbook on Major Regional Cooperatives Handling Farm Production Supplies, 1958 and 1959

by J. Warren Mather
Farm Supplies Branch
Purchasing Division

At the outset of World War II, officials of several regional cooperatives indicated the need for a publication that would point out to Federal and State agencies the importance of agricultural cooperatives in providing farmers with essential production supplies and equipment. As a result, publication of this Handbook was begun with information voluntarily supplied by 17 of the major regional farm supply associations in the United States.

The Handbook has been continued on an annual basis to present highlights on the organizational structure, membership, services, volume, facilities, financial condition, and net savings of such cooperatives. Farm leaders, educational institutions, government agencies, and others use it to better understand the operations, trends, and progress of cooperatives handling farm production supplies and benefits farmers derive from these associations.

The individual cooperatives included in this Handbook provided the information presented and authorized its publication.

A "regional association" in this report refers to one that wholesales supplies to local retail cooperatives, or one that directly retails supplies to farmers over an area comprising a part of a State, an entire State, or several States. In either case, the regional may manufacture some of the supplies it distributes.

"Farm supplies" as used in this report include feed, seed, fertilizer, petroleum, and all other types of supplies and equipment used in farm production.

Part I of this Handbook gives detailed information on each of 21 major regional cooperatives handling farm production supplies in the United States for their fiscal years ended in 1958 and 1959. Their location is shown in figure 1.

Note: The author expresses appreciation to Linden H. Martin, Administrative Services, for tabulating and analyzing data contained in this report.

With one exception, each association handled more than \$10 million of farm supplies annually.¹ The associations appear in the order of their total wholesale and retail supply business for 1959. There was wide variation among them in forms of organization, methods of operation, and accounting and reporting practices. However, information presented on sales, net margins, facilities, and financial condition is quite comparable.

Seventeen of the 21 cooperatives performed wholesale services for retail cooperatives and other outlets of various types. The other four associations distributed all supplies direct to individual patrons. Five of the former group, however, did both wholesale and retail business. Eleven of the 21 associations also marketed farm products. In two of them, marketing dollar volume equaled or exceeded farm supply volume.

Part II contains the value of farm production supply business and net margins on these operations by three predominantly regional marketing cooperatives. Each did more than \$7.5 million of farm supply business in 1959. A few other major regional marketing cooperatives also perform extensive farm supply services as a side-line activity.

Part III consolidates information on the two groups of associations for 1958 and 1959.

¹Not included in this Handbook are approximately eight other major regional cooperatives and six federations of regionals, each doing more than \$10 million of farm supply business annually.

PART I

Association Reports for 21 Major Regional Cooperatives

Principal items considered for each of the 21 associations include the following: Age of the associations, area of service, type and number of retail outlets, number of patrons served, membership requirements, voting provisions, number and terms of directors, number of employees, fiscal year ending, dollar volume of business, types of supplies handled, distribution of net margins,² revolving capital, total cash distributions to patrons, financial condition, net worth, and fixed assets of the associations for 1958 and 1959. In addition, 14 of the associations reported their total net margins and distributions since the dates they had organized.

Cooperative Grange League Federation, Inc.

Cooperative Grange League Federation Exchange, Inc., commonly known as the G.L.F. was organized June 28, 1920. It serves farmers in New Jersey, and the northern tier of counties in Pennsylvania -- a territory comprising most of the "New York Milkshed." Its administrative offices are in Ithaca, N. Y.

G.L.F. is a centralized cooperative in which farmers hold direct membership. Any farmer-patron with a bona fide farm operation may become a member by acquiring one \$5 share of common stock and agreeing to the provisions of the by-laws. Each member has one vote. G.L.F.'s board of 14 directors is responsible directly to its farmer-members. Ten of the directors are nominated by districts, 2 by the New York State Grange, and 2 by the New York Farm Bureau. They serve 2-year terms on a staggered basis.

Since it performs manufacturing, processing, wholesaling, transportation, insurance, and retailing services, G.L.F. is an integrated organization. At the end of the fiscal year, June 30, 1959, G.L.G. was providing these services for about 137,000 regular farmer-patrons and 84,000 non-farmer patrons. Farmers qualifying as stockholder members of G.L.F. numbered about 118,000. From 80 to 90 percent of its production supply or purchasing business was with farmer patrons.

On June 30, 1959, G.L.F. was providing supplies and related services to its patrons through the following types of retail outlets:

Retail outlets	Number
G.L.F. retail service stores (including 14 branches and 1 zero food branch)	247
G.L.F. petroleum cooperatives ¹	66
G.L.F. agent buyers	242
Independent local cooperatives	20
Supplementary agents	9
Farmer agents	5
Total	589

¹Includes 1 branch.

²"Net margins" is used by some of the cooperatives and "net savings" by others in this report.

The retail service stores are cooperative corporations managed by G.L.F. They distribute farm supplies and in some cases market farm products for patrons. The Exchange holds in trust for the local members all common stock of the retail service stores. Local farmers own the preferred stock.

Each store holds annual meetings, at which time member committees are elected. The member committee has many of the powers of a local board of directors. Most of these stores are financed centrally, except for the 49 financed directly through the Baltimore and Springfield Banks for Cooperatives. The headquarters office of G.L.F. supervises them under management contracts that may be canceled at any time by the service stores.

G.L.F. petroleum cooperatives are organized in a similar way, but they are located so as to perform a specialized petroleum service for patrons over wider areas.

Between 60 and 65 percent of G.L.F.'s wholesale volume is distributed through these service stores and petroleum cooperatives.

Agent-buyers are independent business operators or dealers who have been granted franchises to handle G.L.F. commodities in accordance with association policies. The independent local cooperatives are locally controlled farmer cooperatives handling G.L.F. farm supplies on the same basis as agent-buyers. In many cases they primarily are local marketing associations with purchasing as an additional service. Supplementary agents are merchants, or others, who handle certain G.L.F. products such as fertilizer or seed, but not the complete line.

Approximately 35 to 40 percent of G.L.F.'s wholesale volume is distributed through agent-buyers, independent local cooperatives, and supplementary agents.

Under the same wholesale terms, these various types of retail outlets obtain supplies for redistribution through the manufacturing and processing plants and warehouses that G.L.F. maintains at Buffalo, Albany, and other strategically located centers.

Value of supplies obtained at retail by farmers through G.L.F. - managed retail outlets for the fiscal years ended June 30, 1958 and 1959 was:

Type of retail service	1958	1959
G.L.F. retail service stores	\$105,050,414	\$114,123,216
G.L.F. petroleum cooperatives	25,185,838	27,513,271
Total	130,236,252	141,636,487
Services for patrons, such as grinding and mixing, were valued at	4,907,374	5,338,941

Wholesale value of supplies distributed by G.L.F. for the fiscal years ended June 30, 1958 and 1959, was:

Commodities	1958	1959
Feed, grain, flour, and cereals	\$82,648,956	\$86,920,727
Fertilizer and lime (including shells and bedding)	16,851,369	16,815,208
Petroleum products	17,665,495	18,966,230
Tires, tubes, and auto supplies	2,449,502	2,961,915
Seed and seed potatoes	7,683,250	7,809,373
Hardware (tools)	659,979	600,159
Refrigeration equipment	1,805,370	1,934,532
Farm equipment and parts	3,525,685	4,144,003
Steel and other metal products	3,198,626	3,491,238
Building material, paint, and roofing	2,484,443	2,582,609
Insecticides, sprays, and farm chemicals	4,485,582	5,140,081
Containers and package materials	553,134	507,261
Rope and twine	1,228,004	1,259,141
Lawn and garden equipment	1,390,014	1,788,758
Miscellaneous	1,340,412	1,341,257
Total	147,969,821	156,262,492

Combined wholesale and retail sales of supplies by the G.L.F. system were \$297,898,979 in 1959 compared with \$278,206,073 in 1958. In some areas, G.L.F. also supplies cooperative marketing services. The principal products marketed are eggs, grain, and beans. Marketing is conducted mainly through retail service stores, with some separate facilities maintained for eggs and beans. The following types of marketing facilities were maintained on June 30, 1959:

Marketing facilities	Number
Grain elevator	1
Bean plants	2
Egg receiving and sales agencies	8
Terminal sales agency for beans and grain	1
Cold storage plant	1

The value of farm products marketed by G.L.F.³ for the years ended June 30, 1958 and 1959 was:

Commodities	1958	1959
Eggs	\$12,706,046	\$10,738,473
Fruits and vegetables	903,017	1,261,969
Grain	6,728,890	5,954,223
Beans	3,430,184	3,823,115
Onions	-	172,710
Miscellaneous	723,906	1,375,952
Total	24,492,043	23,326,442

³Includes marketing by service stores.

In addition, in 1958, through these marketing units, patrons purchased egg cases, seed, containers, fertilizer, sprays, storage, and other services valued at \$855,373. In 1959 the value of these items was \$654,813.

Net margins of the combined G.L.F. system and their distribution for the fiscal years ended June 30, 1958 and 1959 were as follows:

Distribution of net margins	1958	1959
Federal income taxes	\$3,162,607	\$3,103,393
Cash dividends on capital stock	1,808,015	1,982,371
Patronage refunds (cash)	1,115,047	1,158,976
Additions to retained margins (capital reserves)	1,826,877	2,439,081
Total	7,912,546	8,683,821

Of these total net margins, before taxes, approximately 62 percent in 1958 and 53 percent in 1959 were derived from manufacturing, wholesale purchasing, and regional marketing operations.

Patronage refunds in both 1958 and 1959 were declared by the local retail service stores, petroleum cooperatives, and marketing agencies. The bylaws of G.L.F. permit the board of directors to set aside reasonable reserves before the payment of wholesale patronage refunds by the Exchange. It does not operate on a revolving capital basis.

Total net margins of the combined G.L.F. system since organization in 1920 through June 30, 1959, have been \$138,664,460. Of this amount, G.L.F. paid \$22,596,467 in cash dividends on capital stock, \$52,689,087 as cash patronage refunds, \$24,270,183 in Federal income taxes, and \$39,108,723 was added to the retained margins or "general reserve and surplus" account.

The financial condition of the combined G.L.F. system, including wholesale divisions, financing and insurance subsidiaries, retail service stores, petroleum cooperatives, and marketing associations as of June 30, 1958 and 1959, is shown in the following condensed balance sheet:

Item	1958	1959
Assets		
Current assets	\$53,150,738	\$60,597,068
Fixed assets (net)	35,074,078	34,714,745
Other assets (investments)	8,856,196	8,446,591
Total	97,081,012	103,758,404
Liabilities and patrons' equities		
Current liabilities	16,678,533	17,522,415
Other liabilities	11,658,352	12,527,250
Capital stock and patrons' equities	68,744,127	73,708,739
Total	97,081,012	103,758,404

The net worth or member and patron equities of the association on June 30, 1959, consisted of the following items:

Item	Amount
Capital stock - Preferred	\$19,224,710
Capital stock - Common	16,378,965
Retained margins	37,808,526
Undistributed margins	296,538
Total	73,708,739

The following tabulation shows the number and value of the principal facilities (buildings and equipment by plants) owned and operated by G.L.F. and its affiliated service stores and petroleum and marketing cooperatives on June 30, 1959:

Facilities	Number of plants or units	Cost value	Depreciated value
<u>Regional - wholesale, manufacturing, and marketing</u>			
Land	-	\$1,259,238	\$1,259,238
Feed mills	4	10,338,002	6,321,743
Fertilizer and insecticide plants	13	5,905,583	3,113,953
Seed cleaning plants	7	1,713,145	1,125,543
Farm supply warehouses	8	1,310,527	663,751
Petroleum bulk storage terminals	9	2,310,766	1,639,831
Marketing warehouse, storage, and processing plants	11	1,814,961	1,031,035
Office buildings and equipment	-	2,456,009	1,450,548
Flour and cereal mills and elevators	2	367,201	246,676
Radio network	5	252,569	104,445
Other facilities	-	875,944	669,200
Subtotal	-	28,603,945	17,625,963
<u>Local - retail, distribution and marketing</u>			
Land	-	725,086	725,086
Retail service stores	232	23,373,379	13,526,515
Bulk petroleum plants	65	5,904,134	2,777,890
Freezer-locker plants	1	53,717	13,440
Marketing warehouse, storage, and processing units	1	57,437	45,851
Subtotal	-	30,113,753	17,088,782
Total	-	58,717,698	34,714,745

G.L.F. also had \$3,989,618 invested in federations of regional cooperatives and allied companies which operated various manufacturing and wholesaling facilities.

On June 30, 1959, the G.L.F. system had 4,824 employees. Of these, 294 were in general administrative activities, 680 in wholesale distribution, 678 in manufacturing and processing operations, 2,813 in retail distribution, and 359 in marketing farm products. These figures do not include retail employees of independent cooperatives and agent-buyers who may spend most of their time in distributing G.L.F. farm supplies. The figures for the operating groups performing retail, wholesale, and manufacturing service include administrative, accounting, and clerical employees.

Southern States Cooperative, Inc.

Southern States Cooperative, Inc., (referred to as S.S.C.), Richmond, Va., was organized on July 21, 1923, as the Virginia Seed Service. When its charter was amended in 1930, it became the first purchasing cooperative chartered under the Virginia Cooperative Marketing Act. The present name was adopted in 1933.

At the end of its operating year on June 30, 1959, it was furnishing supplies through local cooperatives, service agencies, and farmer agents to 408,106 members in Virginia, West Virginia, Kentucky, Maryland, Delaware, and Tennessee. The number of nonfarmers served was estimated at 48,000. Approximately 97 percent of its production supply or purchasing business was with farmer patrons.

S.S.C. is both a centralized and a federated cooperative with both cooperatives and farmers directly holding membership in it, but in practice it operates on a federated basis. Either a farmer-patron or an agricultural cooperative becomes a member by acquiring one or more shares of \$1 par value common stock, which may be issued in payment of patronage refunds, and by agreeing to provisions of the by-laws. Each member has only one vote.

S.S.C. had 179,630 direct farmer members on June 30, 1959. They were located in areas served by independent dealer-agents of S.S.C.

Members served by each dealer-agent elect an advisory board of six members to vote for and represent the group in all matters at the annual meeting of S.S.C., the same as directors of local member cooperatives do.

S.S.C. has 16 directors of which 10 are elected by districts for staggered terms of 3 years. The other six are public directors appointed for 3-year terms on a staggered basis, one each by the director of Extension Service of the Land Grant College in each of the six States in which S.S.C. operates.

On June 30, 1959, S.S.C. was providing supplies and related services to its patrons through the types of retail outlets listed at the top of the next page.

Retail outlets	Number
Local affiliated cooperatives	
Farm supply stores with management contracts	131
Farm supply stores without management contracts	46
Petroleum service plants and management contracts	29
Egg marketing with management contracts	1
Service agencies (independently owned)	476
Total	683

Local affiliated cooperatives with management contracts are separately incorporated associations. Their boards of directors employ S.S.C. to perform certain management, accounting, auditing, and financial services on a fee basis. It is through these farm supply and petroleum cooperatives that S.S.C. distributes approximately 44 percent of its wholesale volume. Those associations without management contracts are independent cooperatives which use the association as a source of wholesale supplies.

Service agencies are independent retail farm supply dealers who have been awarded the S.S.C. franchise upon recommendation of the local membership. Under the terms of this franchise, dealers handle the supplies under conditions agreed upon. Approximately 56 percent of the association's wholesale volume is distributed through these agencies and the farm supply cooperatives without management contracts.

Several subsidiary cooperatives conduct the feed and fertilizer manufacturing operations of S.S.C. This cooperative wholly owns some of these subsidiaries, but a number of wholesale cooperatives jointly own others and use them as a source of some or all of their feed and fertilizer requirements.

Others participating in these subsidiaries are the Farmers Cooperative Exchange, Raleigh, N. C.; Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa.; The Farm Bureau Cooperative Association, Columbus, Ohio; and The Cotton Producers Association, Atlanta, Ga. Ownership is in proportion to use or patronage and is annually adjusted to maintain ownership on that basis. Each of the participating cooperatives pays its exact share of operating expenses and therefore obtains manufacturing service at cost.

The value of supplies distributed at wholesale, including those manufactured for other regional cooperatives, for the fiscal years ended June 30, 1958 and 1959, appears at the top of the next page.

Commodities	1958	1959
Feed	\$73,965,359	\$80,828,803
Fertilizer	14,135,516	16,353,893
Seed	5,918,770	6,461,381
Petroleum products and equipment	9,097,770	9,810,508
Auto accessories	1,726,386	2,469,687
Farm equipment and tools	2,895,536	3,281,677
Hardware and steel products	4,767,735	6,060,014
Paint and asphalt	1,143,996	1,191,216
Insecticides, sprays, and chemicals	2,476,612	3,015,521
Electrical equipment and appliances	1,027,515	1,230,427
Miscellaneous	694,276	874,007
Total	117,849,471	131,577,134

These volumes included supplies -- mainly feed and fertilizer -- manufactured for other regional cooperatives in the amount of \$14,058,403 in fiscal year 1958 and \$11,486,904 in fiscal year 1959.

Value of supplies distributed at retail outlets managed by S.S.C. amounted to \$68,636,145 in fiscal year 1958 and \$80,724,154 in fiscal year 1959.

Combined wholesale and retail sales of supplies by the S.S.C. system were \$212,301,288 in 1959 compared with \$186,485,616 in 1958.

S.S.C. has marketing services for several farm products produced by members. On June 30, 1958, the association operated two terminal egg sales agencies, five terminal grain marketing services, and one poultry processing plant.

Farm products, and their value, marketed through S.S.C. the last two fiscal years were:

Commodities	1958	1959
Eggs and poultry	\$2,774,955	\$6,243,564
Grain	10,637,014	17,119,238
Total	13,411,969	23,362,802

Net margins available to patrons on S.S.C. wholesale, retail, and marketing operations and their distribution in fiscal years 1958 and 1959 appears at the top of the next page.

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$1,557,694	\$1,754,792
Patronage refunds		
Cash	3,100,026	769,308
Stock and equities	3,111,838	1,492,308
Additions to reserves and adjustments	679,532	(1,049,492)
Total	8,449,090	2,966,916

Of these total net margins, approximately 72 percent in the fiscal year 1958 and 49 percent in fiscal year 1959 were derived from manufacturing and wholesale purchasing operations, and the remaining proportions were derived from local retail and marketing operations.

For the fiscal year ended June 30, 1958, the association retired voting stock amounting to \$102,830, issued originally in the payment of patronage refunds. For the year ended June 30, 1959, the redemptions totaled \$84,891. For many years the policy has been to retire upon request, at par value, the voting stock issued 10 years previously.

Total net margins available to patrons of the combined S.S.C. system since organizing in 1923 have been \$72,534,758. Of this amount, S.S.C. paid \$15,157,667 as cash dividends on capital stock, \$18,251,032 as patronage refunds in cash, and \$27,500,635 in capital stock, capital book equities, and debentures. It retained the remaining \$11,625,424 for capital as general reserves. The total amount of capital stock retired under a revolving capital plan was \$4,198,390.

As of June 30, 1958 and 1959, the financial condition of S.S.C., its wholly owned subsidiaries and partly owned manufacturing subsidiaries, and its affiliated local retail cooperatives is shown in the following consolidated statement:

Item	1958	1959
Assets		
Current assets	\$38,934,310	\$42,170,910
Fixed assets (net)	26,243,711	29,963,168
Other assets	6,275,033	5,683,481
Total	71,453,054	77,817,559
Liabilities and net worth		
Current liabilities	9,895,101	6,999,421
Deferred liabilities	13,344,205	20,985,832
Net worth or members' or patrons' equities	48,213,748	49,832,306
Total	71,453,054	77,817,559

The net worth or member and patrons equities of the association on June 30, 1959, consisted of the following items:

Item	Amount
Preferred capital stock	\$10,158,600
Common capital stock	7,354,895
Preferred and common - affiliates	14,903,572
Preferred and common - minority interest of other cooperatives	1,259,500
Capital book equities and certificates	4,076,176
Appropriated reserves	12,079,563
Total	49,832,306

Following is a tabulation of the number and value of facilities (buildings and equipment by plants) owned and operated by the S.S.C., its subsidiaries, and affiliated local cooperatives on June 30, 1959.

Facilities	Number of plants or units	Cost value	Depreciated value
<u>Regional - wholesale, manufacturing, and marketing</u>			
Headquarters building	1	\$2,188,437	\$1,525,533
Poultry and egg marketing outlets	3	664,020	541,313
Feed mills	6	11,059,703	8,291,835
Fertilizer plants	8	4,607,747	3,371,423
Seed cleaning plants and whole-sale farm supply warehouses	10	4,923,239	3,448,767
Petroleum terminals and transport equipment	4	1,141,462	811,148
Research and analysis laboratory	1	31,186	9,602
Grain marketing facilities	5	497,319	349,289
Other facilities		1,964,201	1,399,127
Subtotal		27,077,314	19,748,037
<u>Local - retail and marketing</u>			
Service stores	131	11,338,426	8,565,381
Bulk petroleum plants	29	2,682,530	1,649,750
Subtotal		14,020,956	10,215,131
Total		41,098,270	29,963,168

S.S.C. also had \$527,000 invested in federations of regional cooperatives plus \$2,476,727 in allied companies operating various manufacturing and wholesale facilities. These investments are included in "other assets" in S.S.C.'s balance sheet.

On June 30, 1959, S.S.C. had 3,023 employees. Of these, 635 were engaged in general administrative activities, 1,348 in manufacturing and processing operations, 88 in wholesale distribution, 849 in retail distribution, and 103 in farm product marketing.

Consumers Cooperative Association

Consumers Cooperative Association (known as CCA), with headquarters in Kansas City, Mo., was organized in 1929. As of August 31, 1959, CCA was serving 1,684 local and regional member associations. The locals are located in Colorado, Iowa, Kansas, Missouri, Nebraska, South Dakota, Oklahoma, and Wyoming, and in parts of Arkansas, North Dakota, and Texas.

These associations, in turn, serve approximately 460,000 patrons, about 98 percent of them farmers. Less than 2 percent of these local co-ops were under management or supervision agreements with CCA.

Membership in CCA is limited to cooperatives and is obtained by acquiring one \$25 share of common stock and by agreeing to the provisions of the bylaws. Each member association has only one vote. CCA has 20 directors elected by districts for staggered terms of 3 years.

As a supply source for local farmers' cooperatives, CCA manufactures and distributes petroleum products, fertilizer, feed, and other farm supplies. CCA produces refined fuels and lube oils for members through its wholly-owned subsidiary, The Cooperative Refinery Association (CRA), with headquarters at Kansas City, Mo.; fertilizers through its majority-owned subsidiaries, The Cooperative Farm Chemicals Association (CFCA), at Lawrence, Kans., and Farmers Chemical Company (FCC), at Joplin, Mo., and soybean meal through its majority-owned subsidiary, the Cooperative Processing Association (CPA), at Van Buren, Ark. CCA also engages directly in mixing fertilizer, in processing feed, in producing grease and paint, and in fabricating steel products for its membership.

As a service for its local cooperative member associations, CCA operates two wholly-owned subsidiaries; The Cooperative Finance Association, Inc., to supplement the available sources of credit of CCA's members; and The Consumers Insurance Agency, Inc., to provide insurance services for member locals. In addition, a controlled subsidiary, The Consumers Cooperative Services, Inc., operates as a retail cooperative in thirteen Missouri locations to supply farmers with CCA products.

To provide a swine marketing service for farmers, CCA has organized Farmbest, Inc., which is to convert its wholly-owned subsidiary, The Crawford County Packing Company, a hog slaughtering plant at Denison, Iowa, into a cooperative marketing and processing association.

This group of subsidiaries has not been included in the consolidated financial statements because their activities are not similar to those of CCA, CRA, CFCA, FCC and CPA.

A consolidated summary of merchandise furnished by CCA and its subsidiaries, CRA, CFCA, FCC and CPA, for the fiscal years ended August 31, 1958 and 1959, follows:

Commodities	1958	1959
Petroleum products ¹	\$88,273,229	\$96,306,657
Fertilizer	16,084,610	23,917,051
Petroleum and fertilizer equipment	1,846,393	2,761,916
Feed	8,062,142	10,884,592
Lumber, paint, and building supplies	4,780,500	6,035,550
Farm equipment	733,822	1,364,005
Tires, tubes, and auto accessories	6,234,675	8,288,297
Insecticides	1,588,815	2,315,313
Appliances	720,613	994,549
Miscellaneous	954,966	975,835
Total	129,279,765	153,843,765

¹Includes byproducts. Before 1958 byproducts were recorded as a reduction of material costs.

Total consolidated net margins distributed to patrons in 1957-58 and 1958-59 by CCA, CRA, and CFCA were:

Distribution of net margins	1958	1959
Cash dividends on stock	\$737,552	\$983,262
Patronage refunds		
Cash	487,903	1,371,837
Capital stock and revolving funds	1,700,129	5,210,550
Additions to surplus	1,687,333	1,466,793
Total	4,612,917	9,032,442

Twenty-two percent of the 1957-58 patronage refund and 21 percent of the 1958-59 refund were paid in cash.

Cash payments to retire deferred refunds amounted to \$1,026,657 in 1957-58 and to \$2,620,000 in 1958-59. The association has now retired all deferred patronage refunds through 1951.

Total cash distributed to patrons, including dividends on capital stock but not interest on certificates of indebtedness, current refunds paid in cash, and the retirement of deferred refunds amounted to \$2,252,112 in the 1957-58 fiscal year and to \$4,975,699 in the 1958-59 fiscal year.

Consolidated balance sheets of CCA and its subsidiaries, CRA, CFCA, FCC, and CPA, for the fiscal years ended August 31, 1958, and 1959, were:

Item	1958	1959
Assets		
Current assets	\$25,102,298	\$33,395,677
Fixed assets (net)	49,809,312	62,695,358
Other assets	13,522,382	15,219,030
Total	88,433,992	111,310,065
Liabilities and net worth		
Current liabilities	18,599,713	27,744,335
Other liabilities	21,293,086	28,971,146
Net worth	48,541,193	54,594,584
Total	88,433,992	111,310,065

The net worth or member and patrons equities of the associations on August 31, 1959, consisted of the following items:

Item	Amount
Preferred shares	\$23,040,200
Common shares	5,720,050
Shares - part paid	27,180
Deferred patronage refunds	2,928,302
Patrons equity reserve	3,574,410
Patronage refund deferred - current year	5,210,550
Surplus	14,093,892
Total	54,594,584

Principal facilities (buildings and equipment by plants) owned and operated by CCA, CRA, FCC, and CPA, on August 31, 1959, were:

Facilities	Number of plants or units	Cost value	Depreciated value
Refining and oil production			
Petroleum refineries	3	\$24,276,283	\$14,644,505
Crude oil production			
Facilities (equipment)		12,006,764	7,246,431
Oil reserves (leaseholds)		17,450,164	6,903,288
Pipe line (miles)	935	4,923,255	3,021,848
Fertilizer production	5	30,508,533	24,163,028
Feed production ¹	4	1,823,650	1,567,479
Other manufacturing plants	5	685,277	583,786
Distribution and transportation			
Warehouses and terminals ²	19	1,040,678	718,212
Highway transports	106	1,970,056	1,251,508
Retail facilities ³	14	471,519	417,780
Research	3	234,462	191,435
Headquarters and other facilities		1,155,868	640,030
Land, site improvements and rights-of-way		1,458,781	1,346,028
Total		98,005,290	62,695,358

¹Includes soybean mill of Cooperative Processing Association, not in operation on

August 31, 1959, but building program was about 99 percent completed.

²Warehouses at 9 locations; terminals at 10 locations.

³Leased to CCA's subsidiary, CCS, with exception of one dealer station.

CCA, CRA, CFCA, FCC, and CPA also had invested \$11,418,977 in other federations of regional cooperatives, which operate various manufacturing and wholesale facilities. These investments are included in "other assets" on the consolidated balance sheet.

CCA, CRA, CFCA, FCC, and CPA had 2,331 employees on August 31, 1959. This included 422 employees engaged in general administrative activities, 802 in oil production and refining, 575 in manufacturing plants (other than refining), and 532 in wholesale distribution, including transportation terminals and warehouses.

Farmers Union Central Exchange, Inc.

Farmers Union Central Exchange, Inc., with headquarters at South St. Paul, Minn., was organized in 1931. At the end of December 31, 1959, it was serving 473 member associations with approximately 189,000 patrons, 90 percent of them

farmers, and 320 non-member associations with 128,000 patrons, 90 percent of them farmers. The Central Exchange operates in Wisconsin, Minnesota, North Dakota, South Dakota, Montana, Wyoming, Idaho, and Washington.

A farmer cooperative may become a member of the Central Exchange by acquiring one \$25 share of common stock and agreeing to comply with its bylaws. Each member cooperative has one voting delegate for every 50 members or common stockholders in its association. The Central Exchange has 11 directors, elected by districts for staggered terms of 3 years.

The Farmers Union Central Exchange, Inc., is independent of the various State Farmers Union membership organizations in the area it serves. It does, however, prorate 5 percent of its net savings, before distribution, as service expense each year to these State organizations for the purpose of promoting and organizing cooperatives. The same relationship exists among many of the local affiliated Farmers Union cooperatives.

Farmers Union Central Exchange distributed supplies at wholesale during its fiscal years ended December 31, 1958 and 1959, as follows:

Commodities	1958	1959
Feed	\$5,206,542	\$5,428,170
Seed	609,736	644,840
Fertilizer	7,043,964	10,192,628
Petroleum products	51,293,730	54,368,303
Tires, tubes, and other accessories	8,105,899	8,544,621
Farm machinery	3,495,409	3,144,420
Milking machines	125,093	111,605
Paint	571,605	560,602
Hardware	3,708,539	3,724,304
Electrical equipment and appliances	806,537	841,654
Twine	815,063	679,893
Agricultural chemicals	1,122,837	1,262,398
L. P. gas equipment	1,090,391	1,185,200
Oil equipment	849,118	899,637
Miscellaneous	201,794	199,941
Total	85,046,257	91,788,216

The Exchange derived net margins available to patrons for fiscal years 1958 and 1959 from sources shown at the top of the next page.

Source of net margins	1958	1959
Manufacturing and wholesaling operations	\$5,195,605	\$6,610,428
Net savings in form of stock and stock credits from other co-ops	1,541,097	2,252,728
Total	6,736,702	8,863,156

The association distributed these net margins as follows:

Distribution of net margins	1958	1959
Cash dividends on capital stock	-	-
Patronage refunds in capital stock	\$5,619,496	\$7,537,966
Additions to capital reserves	1,117,206	1,325,190
Total	6,736,702	8,863,156

In addition to patronage refunds in capital stock, price adjustments paid quarterly in cash on the purchases of certain light petroleum products by local co-ops totaled \$1,465,670 in 1958, and \$1,808,576 in 1959.

Capital stock amounting to \$1,903,000 originally issued in payment of patronage refunds was retired in 1958 under a revolving capital plan. The amount retired in 1959 was \$1,606,000. The association has now retired all such capital stock issued from 1931 through 1949 and one half of 1950.

Total net margins from the Central Exchange available to member and patron companies since its organization in 1931 have been \$73,076,104. Of this amount, the association paid \$691,830 as cash dividends on capital stock, \$61,965,770 as patronage refunds in capital stock, and \$10,418,504 were added to capital reserves. The total amount of cash returned to local cooperatives was \$32,136,448. Of this amount, capital stock representing patronage refunds retired under the revolving capital plan was \$14,877,971. Total price adjustments paid in cash amounted to \$17,258,477.

A condensed financial statement of the Central Exchange for December 31, 1958 and 1959, follows:

Item	1958	1959
Assets		
Current assets	\$28,750,356	\$31,654,773
Fixed assets (net)	17,005,623	17,898,542
Other fixed assets (crude oil properties)	3,167,248	3,756,623
Investments	13,548,629	16,839,024
Total	62,471,856	70,148,962
Liabilities and net worth		
Current liabilities	12,222,003	12,642,658
Net worth (capital and reserves)	50,249,853	57,506,304
Total	62,471,856	70,148,962

The net worth of the association on December 31, 1959, consisted of the following:

Item	Amount
Common stock	\$12,100
Preferred stock	47,075,700
General or capital reserves - allocated	10,418,504
Total	57,506,304

Facilities (buildings and equipment by plants) owned and operated by the association at the close of 1959 included:

Facilities	Number of plants or units	Cost value	Depreciated value
Land	-	\$302,874	\$302,874
Bulk fertilizer blending plants	16	767,297	693,914
Wholesale farm supply warehouses	10	1,377,184	1,178,767
Oil blending plant, main office, and warehouse	1	3,944,235	3,184,834
Autos and trucks	-	1,037,493	699,740
Furniture and fixtures	-	885,875	338,660
Refinery property	1	16,818,053	10,360,980
Crude oil properties	-	5,258,594	3,756,623
Bottled gas plants and equipment	24	949,000	729,155
Pipeline terminal	1	453,750	409,618
Other	-	-	-
Total		31,794,355	21,655,165

The Exchange also had \$16,839,024 invested in federations of regional cooperatives which operated manufacturing and wholesaling facilities.

On December 31, 1959, the Exchange had 892 employees. Of these, 420 were engaged in general and administrative activities, 223 in manufacturing and processing operations, and 249 in wholesale distribution, including warehousing and transportation...

Eastern States Farmers' Exchange, Inc.

Eastern States Farmers' Exchange, Inc., with headquarters in West Springfield, Mass., was organized on January 28, 1918. At the end of 1959 it was serving over 253,000 patrons in the six New England States, Pennsylvania (except for the northern tier counties), Delaware, and Maryland.

Eastern States Farmers' Exchange is a centralized cooperative with farmers holding direct membership in it. Membership is determined by patronage; Eastern States has no capital stock or membership fees. Every farmer who purchases from, or markets through, the association becomes a member and remains a member for the calendar year following the date of his last patronage. Each member has one vote only. About 92 percent of the Exchange's 1959 production supply or purchasing business was with farmer patrons.

Eastern States had 53 directors in 1959. Their terms are for 3 years, with one-third elected each year. The Executive Committee consists of 12 members plus the president.

The association at the end of 1959 was serving patrons by means of 355 farmer-representatives, 20 independent cooperatives that also serve as representatives, and 104 regional branch service centers strategically located to supplement local car-door distribution. It also had six egg candling plants and one poultry processing plant.

Eastern States is an integrated farmers' non-stock, non-profit cooperative agency for procuring production supplies and marketing eggs and poultry for its members. It processes a large proportion of the supplies it handles.

It made a major change in objectives and services when it began marketing eggs and processing poultry in April 1959. This was brought about by a merger with six local egg marketing cooperatives in the Northeast.

Total net savings available to patrons who purchased supplies during 1959 were \$1,559,728. Marketing operations to the end of the year resulted in an operating loss of \$80,043. This operating loss reduced the patrons' equity to \$30,291,185.

Total net savings for the last two years were distributed as follows:

Distribution	1958	1959
Patronage refunds in cash	\$2,451,100	\$1,559,728
Allocated to patrons and retained as patrons equities for capital purposes	1,200,000	(-87,043)
Total	3,651,100	1,472,685

Total net savings since organization in 1918 have been \$62,449,881. Of this amount \$32,158,695 was paid in cash patronage refunds and the remaining \$30,291,186 was allocated to patrons and retained as capital.

Value of production supplies distributed to patrons was \$87,102,051 for the fiscal year ended December 31, 1958, and \$82,503,958 for 1959. Sales value of eggs marketed from April to December 31, 1959, was \$5,348,166. Sales of poultry during this period were \$2,013,014.

The principal categories of production supplies sold were:

Commodities	1958	1959
Feed	\$62,984,118	\$56,603,927
Field seeds	2,938,629	3,208,067
Seed potatoes	1,049,380	615,297
Vegetable seeds	497,908	504,667
Fertilizer and lime	10,457,046	10,939,568
Agricultural chemicals	2,593,767	2,995,754
Farm supplies	5,405,831	6,069,347
Husbandry supplies	754,622	788,537
Drugs	156,320	164,766
Total	86,837,621	81,889,930
Services-grinding and mixing	264,430	614,028
Total	87,102,051	82,503,958

The financial statement for Eastern States Farmers' Exchange as of December 31, 1958 and 1959, was as follows:

Item	1958	1959
Assets		
Current assets	\$17,119,044	\$19,057,566
Fixed assets (net)	23,646,857	24,462,152
Other assets	1,101,210	1,291,696
Total	41,867,111	44,811,414
Liabilities and net worth		
Current liabilities	7,888,883	10,241,473
Fixed indebtedness	3,600,000	4,278,756
Net worth (patrons' equities)	30,378,228	30,291,185
Total	41,867,111	44,811,414

The net worth of the association on December 31, 1959, was \$30,291,185 and consisted entirely of patrons equities allocated to the following:

Patrons who purchased supplies	\$30,378,228
Patrons who marketed products	(-87,043)

Principal facilities of the Exchange were 2 feed mills, 104 service centers, 5 fertilizer plants, 2 agricultural chemical plants, 2 research centers, 6 egg candling plants, 1 poultry processing plant, and the general office building.

Eastern States had no investments in federations of regional cooperatives that operated manufacturing and wholesaling facilities at the end of 1959.

On December 31, 1959, Eastern States had 2,098 employees. Of these, 514 were engaged in general and administrative activities, 681 in manufacturing and processing operations, 46 in research activities, 228 in its marketing branches, and 629 in distributing operations through its service centers.

Illinois Farm Supply Company

Illinois Farm Supply Company, with headquarters in Chicago, was organized in 1927. At the end of its operating year on August 31, 1959, it was providing manufacturing and wholesale farm supply services for 95 Class "A" member service companies and 36 Class "B", "C", and "D" member companies throughout Illinois. Most of these associations operated over countywide areas and served about 100,000 patrons, with 85 percent of them farmers.

Each member company is required to own one share of common stock (no par value). Preferred stock is used for financing. Each share of capital stock has one vote because Illinois laws governing capital stock corporations grant voting privileges to all classes of capital stock. Class "A" members are the county service companies handling petroleum, feed, plant food, and general farm supplies; all have membership agreements with Illinois Farm Supply Company. The Class "B", "C", and "D" members consist of other types of supply and marketing cooperatives and a few county Farm Bureaus.

This State and county cooperative system operates on a federated basis with local Farm Bureau members owning the county companies. These companies in turn own the Illinois Farm Supply Company and elect nine of its directors for 1-year terms on a district basis. In addition, two directors of the Illinois Agricultural Association--the State Farm Bureau organization--are elected to serve on the board for 1-year terms.

From a technical standpoint, however, legal control and supervision of this cooperative system rests with the Illinois Agricultural Association. It holds a majority of the voting shares of capital stock in the Illinois Farm Supply Company,

and the latter holds a majority of the voting stock in most of its member service companies.

Value of supplies distributed at wholesale by the Illinois Farm Supply Company⁴ during the fiscal years ended August 31, 1958 and 1959, was:

Commodities	1958	1959
Feed	\$15,782,179	\$17,343,149
Fertilizer	12,742,934	15,383,409
Petroleum products	35,625,744	36,154,926
Tires, tubes, and accessories	1,024,844	1,137,241
Farm equipment	1,248,221	1,570,051
Steel products	2,005,255	2,470,259
Lumber, paint, and other maintenance equipment	755,532	860,333
Insecticides	661,074	938,755
Twine	214,610	167,501
Antifreeze and office supplies	184,629	219,702
Total	70,245,022	76,245,326

Total net margins from all manufacturing, wholesaling, and transportation operations available to member companies, and their distribution in 1958 and 1959 fiscal years were:⁴

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$265,128	\$273,927
Patronage refunds		
Cash	2,529,535	3,112,321
Capital stock	300,000	2,074,800
Additions to retained surplus	961,644	-
Total	4,056,307	5,461,048

Total net margins of Illinois Farm Supply Company, after income taxes, since organizing in 1927 have been \$46,349,214. Of this amount, the organization paid \$3,473,329 as dividends on capital stock, \$31,999,582 as cash patronage refunds, \$5,328,500 as patronage refunds in capital stock, and retained the remaining \$5,547,803 as surplus. The company does not operate on a revolving capital basis.

⁴Does not include subsidiary - Loudon Pipeline Company.

The financial condition of the Illinois Farm Supply Company on August 31, 1958 and 1959, was:

Item	1958	1959
Assets		
Current assets	\$14,923,499	\$15,862,944
Fixed assets (net)	9,052,527	9,165,069
Other assets	2,919,879	2,936,479
Total	26,895,905	27,964,492
Liabilities and net worth		
Current liabilities	7,695,930	7,203,117
Other liabilities	4,420,000	3,920,000
Net worth or members' equities	14,779,975	16,841,375
Total	26,895,905	27,964,492

The net worth or member and patron equities of the association on August 31, 1959, consisted of the following items:

Item	Amount
Preferred stock	\$11,249,000
Capital through consolidation	44,572
Retained earnings - unallocated	5,547,803
Total	16,841,375

On August 31, 1958, the Illinois Farm Supply Company had accumulated 67 percent of its net worth through the sale of stock and 33 percent through retained net margins.

This association has one wholly owned subsidiary--the Loudon Pipeline Company--which operates crude oil pipelines and a small amount of production properties. Only the investment that Illinois Farm Supply Company has as capital stock in this subsidiary is included in its balance sheet.⁵

The type, number, and value of the principal operating facilities (land, buildings, and equipment by plants) owned by the Illinois Farm Supply Company and its wholly owned subsidiary as of August 31, 1959, appears at the top of the next page.

⁵This represents \$675,000. Total equity of Loudon Pipeline Company is \$1,077,289.

Facilities	Number of plants or units	Cost value	Depreciated value
Feed mills	2	\$3,958,176	\$3,125,657
Marine terminal bulk petroleum plants	2	1,111,692	633,514
Transport trucks	245	2,351,824	1,370,661
Barges and towboats	7	1,227,011	687,978
Plant food plants	2	3,660,906	1,634,459
Petroleum refinery	1	2,921,210	1,467,228
Other facilities	-	378,436	150,179
Construction in progress	-	95,393	95,393
Total		15,704,648	9,165,069

Properties represented by capital stock invested in its subsidiary, Loudon Pipeline Co., and included in "other assets" were:

Properties	Cost value	Depreciated value
Pipeline	\$572,186	\$96,548
Crude oil properties	366,446	257,353
Total	938,632	353,901

Illinois Farm Supply Company also had \$1,970,240 invested in federations of regional cooperatives and allied companies which operated various refining, producing, manufacturing, and wholesaling facilities.

This association and its subsidiary had 755 employees on August 31, 1959. Of these, 299 were in general and administrative activities, 244 in manufacturing and processing operations, and 212 in wholesale distribution, including transportation and warehousing.

Indiana Farm Bureau Cooperative Association, Inc.

Indiana Farm Bureau Cooperative Association, Inc., with headquarters in Indianapolis, Ind., was organized in its present form in February 1927. At the end of its operating year, December 31, 1959, it was serving 85 county farm bureau cooperatives in Indiana and 1 in Kentucky through a total of 375 distribution points. These 86 associations were distributing supplies to approximately 140,000 patrons,

about 90 percent of them farmers.⁶ None of the county associations were under management and financing arrangements with the State organization.

Membership in this State association is limited to the county associations just mentioned, which hold all of the State associations' voting stock. Membership is obtained by purchasing a \$100 share of common voting stock and agreeing to the provisions of the bylaws. Each member association has only one vote.

The State association has 10 directors elected by districts for 3-year terms, and 1 public director appointed annually by the board of directors. The Indiana Farm Bureau Cooperative Association is independent of the Indiana Farm Bureau Federation, but frequently one or more directors may be on the boards of both organizations. The same relationship exists among the county farm bureau cooperatives and the county farm bureaus.

The value of supplies distributed at wholesale by the association during the fiscal years ended December 31, 1958 and 1959 follows:

Commodities	1958	1959
Feed	\$14,109,536	\$13,584,704
Seed	1,467,524	1,742,987
Fertilizer	14,500,410	15,124,001
Gas, oil, and grease	23,150,731	23,173,159
Tires, tubes, and other accessories	732,167	761,117
Farm machinery and parts	1,785,547	1,594,537
Farm equipment	512,491	580,765
Steel products	2,707,851	2,777,905
Lumber, paint, and other maintenance equipment	3,442,928	3,467,243
Insecticides	1,050,055	1,139,078
Electrical equipment and appliances	319,652	342,367
Twine	238,718	220,050
Coal	738,939	661,613
Chicks, eggs, and turkey poults	385,215	401,375
Hardware	722,265	881,008
Miscellaneous ¹	408,839	444,714
Total	66,272,868	66,896,623

¹Includes such items as bulk plant equipment, printing supplies, and wool grower's supplies.

⁶Many of these county cooperatives also market grain, wool, poultry, eggs, and other products.

The State association operates 5 retail branches for distribution of farm machinery and other equipment. Retail sales were \$691,685 in 1958 and \$683,814 in 1959.

The State association moved into marketing in recent years. Its first venture was in March 1947 when it started the Poultry and Egg Department. In October 1947 the Indiana Wool Growers merged with the State association, and in October 1949 the Indiana Grain Cooperative merged with it. On December 31, 1959, the Indiana Grain Marketing Division of the association was serving 202 locally owned cooperative elevators in the State.

Sales value of farm products marketed by the State association during 1958 and 1959 was:

Commodities	1958	1959
Grain	\$92,243,139	\$90,494,164
Poultry	2,386	681
Eggs	560,418	588,337
Wool	848,951	838,664
Total	93,654,894	91,921,846

In 1958 the Wool Department handled 1,908,231 pounds of wool, or approximately 75 percent of production in the State. In 1959 it handled 1,932,979 pounds, or approximately 75 percent of production in the State.

In its fiscal year ended December 31, 1958, the Grain Division marketed 53,598,000 bushels of grain. In its year ended December 31, 1959, it marketed 57,102,953 bushels of grain.

Total net margins from purchasing and marketing operations available to patrons and their distribution for 1958 and 1959 were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$469,304	\$483,904
Patronage refunds		
Cash	1,262,024	7,711
Capital stock	2,918,400	2,813,800
Additions to capital reserves	-	367,270
Total	4,649,728	3,672,685

The cooperative derived approximately 75 percent of these net margins in 1958 and 82 percent in 1959 from supply purchasing operations. It derived the remaining proportions from marketing operations.

During 1958 the association retired \$1,217,900 of common stock, originally issued in payment of patronage refunds, under its revolving capital plan. As of December 31, 1958 the association had retired all common stock issued through 1947 and 30 percent of that issued in 1948.

In 1959 the association retired \$840,000 of common stock. By December 31, 1959, it had retired all common stock issued through 1947 and 60 percent issued in 1948. (In January 1960, it retired the remaining 40 percent of the outstanding 1948 stock, totaling \$1,950,300).

The financial condition of Indiana Farm Bureau Cooperative Association, Inc., on December 31, 1958 and 1959, is shown in the following condensed statement:

Item	1958	1959
Assets		
Current assets	\$29,823,762	\$30,897,239
Fixed assets (net)	21,932,181	21,983,884
Other assets	7,789,020	9,026,869
Total	59,544,963	61,907,992
Liabilities and net worth		
Current liabilities	6,994,131	7,109,828
Other liabilities	5,667,299	5,871,296
Net worth (capital and reserves)	46,883,533	48,926,868
Total	59,544,963	61,907,992

The net worth or member and patron equities of the association on December 31, 1959, consisted of the following items:

Item	Amount
Capital stock outstanding	\$43,498,100
Patronage refunds to be applied against stock subscriptions	2,821,513
Reserve for revaluation of facilities acquired	116,930
General reserve - allocated	367,269
Patrons' equities	2,123,056
Total	48,926,868

On December 31, 1959, the association reported that 75 percent of its net worth represented retained savings. The remaining 25 percent has been accumulated through the sale of stock.

At the close of 1959, the principal facilities (buildings and equipment by plants) included:

Facilities	Number of plants or units	Cost value	Depreciated value
Land	-	\$536,517	\$536,517
Fertilizer plants and equipment	4	5,025,969	2,117,238
Petroleum refinery	1	7,362,780	3,451,065
Oil well production facilities	-	4,645,122	2,208,543
Petroleum product pipelines and equipment (miles)	230	4,958,794	4,192,299
Petroleum marine equipment (docks and river line equipment)	1	264,687	128,031
Petroleum terminals and pump stations	5	2,314,018	1,773,859
Petroleum trucks and trailers	27	481,252	214,019
Other petroleum facilities	-	184,737	142,829
Grain terminals and equipment	3	6,936,743	5,287,395
Seed plant and equipment	1	376,754	275,814
Wholesale farm supply warehouse	1	718,053	527,682
General office buildings	1	598,588	404,287
Administrative facilities	-	334,978	143,365
Hatcheries and equipment	28	360,459	62,689
Poultry breeding farm	1	105,798	83,014
Poultry and egg plants and equipment	2	196,983	76,181
Farm chemicals plant	1	195,955	142,453
Stock equipment plant	1	45,125	35,207
Farm lumber center	1	167,138	137,255
Other marketing and supply facilities	-	204,398	44,142
Total	-	36,014,848	21,983,884
Properties represented by capital stock investments included in "other assets" at the end of 1959:			
Crude oil properties (intangible cost)	-	\$10,454,521	\$4,806,553
Crude oil pipeline and equip- ment of subsidiary (Farm Bureau Oil Co.)	-	3,143,781	1,479,272
Total	-	49,613,150	28,269,709

The association also had \$2,302,787 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities. These investments are included in "other assets" of the association.

On December 31, 1959, the Indiana Farm Bureau Cooperative Association had 1,276 employees. Of these, 322 were engaged in general and administrative activities, 449 in manufacturing and processing operations, 34 in retail distribution, 292 in wholesale distribution including warehousing and transportation, and 179 in marketing farm products.

Farmers Cooperative Exchange, Inc.

Farmers Cooperative Exchange, Inc., commonly known as FCX, with headquarters at Raleigh, N. C., was organized on March 12, 1934.⁷ It serves approximately 186,000 member-patrons in North and South Carolina, with approximately 98 percent of them farmers. Approximately 98 percent of production supply or purchasing business was with farmer-patrons in fiscal 1959.

Supplies are distributed through 75 FCX centrally managed subsidiary retail service stores, 5 independent cooperative associations, and 215 independent dealer-agencies. Approximately 40 percent of FCX's wholesale supply volume moves through these private dealer-agencies.

FCX is a centralized cooperative with farmers holding direct membership in it. Any farmer may become a member by acquiring a \$1 share of common stock and agreeing to comply with the bylaws. Each member has only one vote.

FCX has 15 directors elected for staggered terms of 3 years at the annual meeting. Eleven directors are nominated on a district basis by owners of FCX common stock. One director is nominated by the board of directors of the North Carolina Cotton Growers Cooperative Association, one by the executive committee of the North Carolina Grange, and one by the executive committee of the North Carolina Farm Bureau Federation. One is a public director selected jointly by the North Carolina Commissioner of Agriculture, the Director of North Carolina Extension Service, and the President of Greater North Carolina University.

FCX distributed supplies at wholesale for the fiscal year ending June 30, 1958 and 1959, as shown at the top of the next page.

⁷The operations of FCX are closely related to those of the North Carolina Cotton Growers Cooperative Association. The same general manager serves both organizations. The cotton handled by the North Carolina Cotton Growers was valued at \$16,557,121 for the 1959 season. The association's net worth on June 30, 1958, was \$1,121,357 and on June 30, 1959, it was \$1,177,820.

Commodities	1958	1959
Feeds and grains	\$15,727,495	\$17,221,016
Fertilizer	4,824,657	4,849,200
Seed	1,848,976	1,904,097
Paint	134,557	141,490
Farm machinery	281,028	375,354
Electrical appliances	427,131	424,243
Oil, tires, and tubes	256,810	639,683
Sprays and dusts	1,169,211	1,505,430
Miscellaneous farm supplies ¹	4,889,557	4,630,297
Total	29,559,422	31,690,810

¹Includes such items as steel, asphalt, building materials, farm tools, poultry and dairy equipment, medicines, and salt.

Value of supplies distributed at retail by FCX-subsidary service stores was \$21,415,649 in fiscal year 1958 and \$23,419,623 in 1959.

The combined wholesale and retail sales of supplies by the FCX system was \$55,110,433 in 1959 compared with \$50,975,071 in 1958.

Value of farm products marketed in fiscal years 1958 and 1959 was:

Commodities	1958	1959
Grains	\$3,755,643	\$1,961,441
Eggs and poultry	738,153	2,988,064
Livestock	716,651	404,266
Miscellaneous	130,210	278,555
Total	5,340,657	5,632,326

Total net margins of FCX's wholesale, retail, and marketing system available to patrons and their distribution for fiscal years ended in 1958 and 1959 were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$277,508	\$272,151
Patronage refunds paid in capital stock and debentures	382,481	-
Additions to capital reserves	158,119	62,011
Total	818,108	334,162

Total net margins available for distribution to patrons of the combined FCX system since 1934 have been \$10,482,785. Of this amount, FCX paid \$3,038,265 as cash dividends on capital stock, declared \$5,418,376 as patronage refunds and paid them in capital stock and debentures, and retained the remaining \$2,026,144 for capital as general reserves. It has retired \$5 million of capital stock and debentures for various reasons since 1934.

The financial condition of FCX and its retail subsidiaries as of June 30, 1958 and 1959, is shown in the following statement:

Item	1958	1959
Assets		
Current assets	\$9,835,438	\$11,004,721
Fixed assets (net)	5,280,476	5,925,167
Other assets	867,307	1,132,552
Total	15,983,221	18,062,440
Liabilities and net worth		
Current liabilities	4,377,430	4,107,201
Other liabilities	306,249	2,436,345
Net worth (capital and reserves)	11,299,542	11,518,894
Total	15,983,221	18,062,440

The net worth or member and patron equities of the association on June 30, 1959, consisted of the following items:

Item	Amount
Capital stock - common	\$189,384
Capital stock - preferred	5,594,683
Patronage refund credits on Class D preferred stock	393,476
Subordinated debentures	
Investment - 4 percent; 1963 - 69 series	3,273,925
Patronage refunds - 1965 - 67 series	445,491
Capital reserves (for self- insurance, inventory decline, and working capital)	1,621,935
Total	11,518,894

The number and value of facilities (buildings and equipment by plants) owned and operated by FCX and its affiliated service stores and marketing units on June 30, 1959, were:

Facilities	Number of plants or units	Cost value	Depreciated value
Regional - Wholesale, manu- facturing, and marketing			
Land	-	\$243,045	\$243,045
Farm supply warehouses	7	979,300	613,032
Equipment in warehouses and plants ¹	6	181,310	92,993
Fertilizer mixing plants	2	900,322	535,573
Seed-cleaning plants	5	365,226	199,260
Feed mill	1	595,517	429,779
Grain elevator	1	184,044	176,760
Office building	1	671,778	544,324
Subtotal	-	4,120,542	2,834,766
Local - Retail and marketing			
Land	-	388,234	388,234
Farm supply stores ²	33	1,579,540	1,372,630
Seed-cleaning plants	44	983,091	642,055
Equipment in warehouses and plants ^{1 3}	69	318,225	180,038
General delivery trucks	220	648,608	209,192
Other facilities	-	258,692	250,423
Subtotal	-	4,176,390	3,042,572
Total	-	8,296,932	5,877,338

¹Exclusive of seed cleaners and trucks.

²Represents stores operating in buildings owned by FCX.

³Includes custom mixer mills.

FCX and Southern States Cooperative, Inc., also jointly manufacture feed in Norfolk and Roanoke, Va., and fertilizer in Norfolk. The FCX investment in these facilities and in federations of regional cooperatives that operated manufacturing and wholesale facilities amounted to \$343,000 on June 30, 1959.

On June 30, 1959, the FCX system had 861 employees. Of these, 145 were engaged primarily in general and administrative activities, 217 in manufacturing and processing operations, 75 in wholesale distribution including warehousing and transportation, 384 in retail distribution, and 40 in marketing.

Midland Cooperatives, Inc.

Midland Cooperatives, Inc., with headquarters at Minneapolis, Minn., was organized on September 8, 1926. At the end of its operating year on August 31, 1959, it was serving 780 member associations with about 320,000 patrons, 95 per cent of them farmers.

The association operates throughout Minnesota except for the northeastern quarter of the State, throughout Wisconsin except for the extreme north, in northern Iowa, and in the extreme eastern parts of the Dakotas.

Membership in Midland is limited to cooperatives and is obtained by acquiring one \$100 share of common stock and agreeing to the provisions of the bylaws. Each member association has one vote plus additional votes based on the amount of business transacted with Midland.

Midland has 12 directors elected by districts for staggered terms of 2 years.

This association distributed supplies at wholesale during the fiscal years ended August 31, 1958 and 1959, as follows:

Commodities	1958	1959
Feed, flour, and middlings	\$3,708,237	\$3,804,891
Fertilizer	4,659,027	5,217,065
Seed	706,937	823,949
Petroleum products	29,210,966	32,679,859
Tires, tubes, and accessories	2,566,781	2,764,990
Farm machinery	-	-
Steel products	692,583	628,512
Paint and related products	194,133	203,033
Insecticides	549,923	658,928
Electrical equipment	940,476	1,056,239
Hardware and farm tools	924,176	1,086,042
Oil station equipment	185,783	298,301
Miscellaneous	9,856	21,543
Total	44,348,878	49,243,352

Net margins available to patrons and their distribution for the fiscal years ended in 1958 and 1959 were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$93,364	\$92,432
Patronage refunds paid capital stock	387,691	1,960,395
Additions to unallocated surplus	44,477	217,822
Total	525,532	2,270,649

In 1958 the association did not retire any capital stock originally issued in payment of patronage refunds under its revolving capital plan of financing. In 1959, it retired a total of \$656,000 of capital stock. It has now retired all such stock originally issued through 1945.

The financial condition of Midland as of August 31, 1958 and 1959, is shown in the following statement:

Item	1958	1959
Assets		
Current assets	\$9,968,483	\$12,740,007
Fixed assets (net)	7,082,595	6,969,732
Other assets	8,716,453	8,032,954
Total	25,767,531	27,742,693
Liabilities and net worth		
Current liabilities	5,904,757	6,710,627
Other liabilities	6,012,058	5,282,973
Net worth (capital and reserves)	13,850,716	15,749,093
Total	25,767,531	27,742,693

The net worth or member and patron equities of the association on August 31, 1959, consisted of the following items:

Item	Amount
Common stock and stock credits	\$12,217,766
Preferred stock	2,310,800
Surplus	1,220,527
Total	15,749,093

On August 31, 1959, Midland owned and operated the following principal facilities (buildings and equipment by plants):

Facilities	Cost value	Depreciated value
Land	\$217,447	\$195,295
Crude oil property	3,045,733	492,360
Refinery (complete)	7,753,727	3,725,780
General office, central warehouse, and oil blending plant	2,149,826	1,625,221
Other warehouses	164,054	42,242
Bulk petroleum plants	550,363	356,644
Other properties	827,761	532,190
Total	14,708,911	6,969,732

Investments in other production and operating facilities owned jointly with other regional cooperatives or allied companies were:

Facilities	Amount invested
Fertilizer, feed, soybean, and seed processing	\$3,175,983
Refineries and pipelines	3,160,699
Petroleum products terminal	90,000
Properties of National Cooperatives, Inc. (including milking machine factory)	335,619
Other investments	904,399
Total	7,666,700

On August 31, 1959, Midland had 547 employees. Of these, 140 were engaged in general and administrative activities, 204 in manufacturing and processing operations, and 203 in wholesale distribution including warehousing and transportation.

The Farm Bureau Cooperative Association, Inc.

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1959, it was serving 85 member associations with 244 distributing points in Ohio. These cooperative outlets served about 235,000 patrons. Volume of business with farmers represented about 88 percent of the total business of these associations.

Forty one of the county cooperative associations were under management agreements with the State association, and of this number 25 had financing agreements.

Membership in The Farm Bureau Cooperative Association, Inc., is obtained by purchasing a \$25 share of common stock and agreeing to the provisions of the by-laws. Each share of common stock has one vote. Preferred stock is used for financing purposes and carries no vote. Common stock of The Farm Bureau Cooperative Association is held by the county cooperatives and the Ohio Farm Bureau Federation.

The same board of 26 directors governs both the Ohio Farm Bureau Federation and The Farm Bureau Cooperative Association and they are elected by districts for staggered terms of 3 years. In the county cooperatives, any farmer is eligible for membership.

This regional cooperative distributed supplies at wholesale during the fiscal years ended December 31, 1958 and 1959, as shown at the top of the next page.

Commodities	1958	1959
Feed	\$13,016,625	\$13,739,558
Fertilizer	7,764,653	9,020,604
Seed and seed potatoes	2,136,349	2,179,195
Petroleum products	14,487,880	13,976,530
Tires, tubes, and other accessories	474,477	485,264
Farm machinery and parts	1,621,986	582,062
Stock equipment and hardware	1,235,312	1,389,278
Fence, roofing, and paint	2,625,541	2,681,562
Insecticides and fungicides	904,322	1,106,039
Electrical equipment and appliances	757,451	780,018
Miscellaneous ¹	879,045	976,589
Total	² 45,903,641	³ 46,916,699

¹Includes such items as antifreeze, animal health supplies, and equipment for handling petroleum.

²Includes \$378,950 of interdivision transactions.

³Includes \$648,467 of interdivision transactions.

The value of grain marketed through The Farm Bureau Cooperative Association, Inc., was \$21,244,544 in 1958 and \$23,827,901 in 1959.

Net margins available to patrons and shareholders and their distribution for 1958 and 1959 were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$310,820	\$371,515
Patronage refunds		
Cash	106,236	387,885
Securities	318,709	-
Additions to capital reserves	85,675	85,960
Total	821,440	845,360

Of these total net margins, the association derived approximately 65 percent in 1958 and 89 percent in 1959 from supply purchasing operations. The remaining proportions came from marketing operations. In 1958 and 1959 the association did not retire any capital stock or other securities originally issued in payment of patronage refunds under its revolving capital plan. As of December 31, 1959, it had retired all such stock on securities issued through 1947 and one-half of that issued in 1948.

Total net margins available to patrons and shareholders since organization in 1933 have been \$20,070,800. Of this amount, the association paid \$3,972,100 as cash dividends on capital stock, \$2,058,800 as cash patronage refunds, \$13,005,700

as patronage refunds in securities, with the remaining \$1,034,200 retained for capital as reserves. The total amount of capital stock or other securities (representing patronage refunds) retired under the revolving capital plan has been \$5,050,700.

The financial condition of The Farm Bureau Cooperative Association, Inc., as of December 31, 1958 and 1959, is shown in the following statement:

Item	1958	1959
Assets		
Current assets	\$15,711,044	\$19,287,614
Fixed assets (net)	7,121,417	8,712,596
Other assets	11,359,812	9,767,673
Total	34,192,273	37,767,883
Liabilities and net worth		
Current liabilities	4,035,530	6,120,650
Other liabilities	12,929,723	13,980,337
Net worth (capital and reserves)	17,227,020	17,666,896
Total	34,192,273	37,767,883

The net worth or shareholders and patrons' equities of the association on December 31, 1959, consisted of the following items:

Item	Amount
First preferred stock	\$6,061,750
Class A common stock	18,525
Class B common stock	1,846,450
Class C common stock	2,073,750
Class CL common stock	250,360
Certificates of ownership	4,383,088
Allocated operating capital reserve	1,725,467
General reserves	1,307,506
Total	17,666,896

These equity items may be reclassified as follows:

Investment by shareholders	8,404,385
Patrons' reinvested savings	7,955,005
General reserves	1,307,506
Total	17,666,896

Forty-eight percent of the net worth has been accumulated through the sale of stock and 52 percent from net savings.

During 1959, the association sold its subsidiaries, the Louisville Refining Company and Producers Pipeline Company, to a large oil company and in turn made an investment in it.

Principal facilities (buildings and equipment by plants) owned and operated by The Farm Bureau Cooperative Association, Inc., at the end of 1959 were:

Facilities	Number of plants or units	Cost value	Depreciated value
Terminal grain elevators	2	\$4,088,981	\$2,866,361
Feed mills	4	1,206,696	445,093
Fertilizer plants	5	2,461,760	970,659
Insecticide plant	1	17,705	5,349
Seed plant	1	94,078	22,637
Wholesale farm supply warehouse	1	319,805	173,013
Transport trucks (dry and liquid)	25	589,053	211,587
Other facilities	-	4,986,956	4,017,897
Total	-	13,765,034	8,712,596

The Farm Bureau Cooperative Association at the end of 1959 also had investments of \$1,769,900 in federations of regional cooperatives that owned manufacturing and wholesaling facilities. In addition, it had \$7,997,772 invested in subsidiaries, county farm bureau associations, banks for cooperatives, and other companies and organizations.

On December 31, 1959, The Farm Bureau Cooperative Association, Inc., had 704 employees. Of these, 249 were engaged in general and administrative activities, 194 in manufacturing and processing operations, 148 in wholesale distribution including warehousing and transportation, 74 in retail distribution, and 39 in marketing farm products.

Western Farmers Association

(Formerly Washington Cooperative Farmers Association)

Western Farmers Association, with headquarters in Seattle, was organized in February 1917, as the Washington Cooperative Egg and Poultry Association. Its name was changed in February 1945 to Washington Co-Operative Farmers Association when it broadened its membership requirements and scope of services. Its name was changed again in February 1960 to Western Farmers Association inasmuch as it serves members in all three Northwest States.

The association is a centralized cooperative with farmers directly holding membership in it. During 1959, it served 42,898 member farmers located throughout Washington and northwestern Oregon. Approximately 100 percent of its production supply or purchasing business was with farmer patrons.

Anyone engaged in producing farm products in commercial quantities may become a member by paying a \$2.50 membership fee and 50 cents the first year for a subscription to Western Farmer, the membership publication of the association. Those wishing to market products through the association must sign marketing agreements covering the specified commodities marketed. Each member has only one vote. The association has 16 directors elected by districts for staggered terms of 3 years.

Patrons are served through 48 branch stations and distributors located throughout Washington and 4 in Oregon in addition to the facilities at headquarters in Seattle. All stations handle poultry and poultry products, feed, and general farm supplies. Only 5 have petroleum bulk plants, but in the areas of the other branch stations, oil products are delivered to farmers by the association's tank trucks direct from its suppliers' bulk plants.

Western Farmers Association is an integrated organization, which processes a large number of the products it markets and the supplies it distributes to members.

The value of supplies and equipment distributed to patrons during the association's fiscal years ended December 31, 1958 and 1959, was:

Commodities	1958	1959
Feed	\$23,053,760	\$25,662,828
Seed	520,224	668,174
Fertilizer	2,431,510	2,563,782
Petroleum	9,221,999	10,038,665
Other farm supplies and equipment ¹	2,594,045	2,796,778
Total	37,821,538	41,730,227

¹Of the "other farm supplies and equipment," poultry and general equipment represented about 42 percent, building materials about 31 percent and miscellaneous items the remaining 27 percent.

The volume of feed in 1958 was 281,604 tons, of which 131,009 tons were delivered in bulk by 28 trucks. Volume in 1959 was 315,124 tons, with 176,600 tons of this quantity delivered in bulk by 34 trucks.

The association was originally formed as an egg and poultry marketing association, and this still is one of its major functions. The value of products it marketed for patrons in 1958 and 1959 appears at the top of the next page.

Products	1958	1959
Egg and egg products	\$9,933,088	\$9,377,933
Dressed poultry	7,819,216	9,814,125
Dressed turkeys	1,716,744	2,016,731
Canned poultry and turkey	2,945,311	3,050,952
Seed	383,937	380,653
Edible beans	603,415	1,184,228
Total	23,401,711	25,824,622

Net margins available to patrons and their distribution for fiscal years ended in 1958 and 1959 were:

Distribution of net margins	1958	1959
Interest on "finance fund" certificates	\$511,715	\$530,486
Extra payments on marketing and patronage refunds on purchasing issued as "finance fund" certificates	2,615,920	3,363,582
Additions to rotating reserve fund	411,886	349,208
Total	3,539,521	4,243,276

This cooperative declares separate rates of extra payments on a patronage basis in its egg, poultry, turkey, and seed marketing departments and a separate patronage refund rate in its feed, seed, fertilizer, and farm supply departments.

On January 1, 1959, it retired its 1953 certificates in the amount of \$1,860,024. On January 4, 1960, the association retired its 1954 certificates in the amount of \$1,988,708. It also retired rotating reserves totaling \$191,964 in 1958 and \$125,786 in 1959. The association has usually revolved both the finance fund certificates and the rotating reserves on a 6-year basis.

The financial condition of this association on December 31, 1958 and 1959, is shown in the following condensed balance sheet:

Item	1958	1959
Assets		
Current assets	\$13,528,700	\$15,679,975
Fixed assets (net)	8,086,500	9,266,729
Other assets	1,232,300	1,548,567
Total	22,847,500	26,495,271
Liabilities and net worth		
Current liabilities	3,964,500	5,358,836
Net worth (finance fund, reserve funds, and undistributed operating margins)	18,883,000	21,136,435
Total	22,847,500	26,495,271

The net worth or member and patrons equities of the association on December 31, 1959, consisted of the following items:

Item	Amount
Finance funds ¹	\$14,264,096
Reserves from prior years - allocated	3,210,203
Undistributed operating margins	3,662,136
Total	21,136,435

¹Includes membership fees of \$107,245.

On December 31, 1959, approximately 89 percent of the association's net worth was represented by retained net operating margins or savings and the remainder by regular capital subscriptions on farm products marketed.

At the close of 1959, principal facilities owned by the association were:

Facilities	Cost value	Depreciated value
Land	\$707,083	\$707,083
Machinery, equipment, and furniture	4,415,907	2,208,715
Buildings and improvements to leased properties	8,153,144	5,738,207
Trucks and automobiles	2,156,584	612,724
Total	15,432,718	9,266,729

The association also had \$981,065 invested in federations of regional cooperatives that operated various manufacturing and wholesaling facilities.

On December 31, 1959, the association had 1,447 employees engaged in general administrative activities, manufacturing and processing, wholesale distribution, marketing farm products, and purchasing farm supplies for producer members.

M.F.A. Milling Company

M.F.A. Milling Company, with headquarters in Springfield, Mo., was organized in 1923 and reorganized on its present basis in 1929. At the end of its operating year on June 30, 1959, it was serving 120 local M.F.A. farmer cooperative exchanges with approximately 85,000 farmer-members.

In addition, through arrangements with regional supply cooperatives in Arkansas and Mississippi, and through direct arrangements with locals in Oklahoma, Kansas,

Texas, and Louisiana, 30,000 farmers obtained feed from M.F.A. Milling Company at 204 local outlets in these six States.

The M.F.A. Milling Company, the largest regional purchasing association affiliated with the Missouri Farmers Association, is owned by local M.F.A. exchanges or cooperatives in southern Missouri. Each member cooperative has only one vote. A local cooperative may obtain membership in the M.F.A. Milling Company by distributing M.F.A. feeds.

The local cooperatives, in turn, are owned by the M.F.A. members they serve. A farmer may obtain membership in a local M.F.A. cooperative by making \$25 worth of purchases from it. The M.F.A. Milling Company is organized on a nonstock, non-profit plan and is financed by patrons' equities.

The local M.F.A. exchanges served by the M.F.A. Milling Company constitute its Class B membership. They elect one-half its 12-man board of directors by districts for 1-year terms. The other half of the board is named by the State board of directors of the Missouri Farmers Association, which constitutes the Class A membership of the milling company. These directors are appointed for a term of 1 year. None of the local co-ops is under management or supervision agreements with the M.F.A. Milling Company.

The M.F.A. Milling Company distributed supplies at wholesale during the fiscal years ended June 30, 1958 and 1959, as follows:

Commodities	1958	1959
Feed	\$29,150,790	\$31,756,875
Seed	1,331,181	1,415,269
Total	30,481,971	33,172,144

Net savings available to patrons and their distribution for the 1958 and 1959 fiscal years were:

Distribution of net margins	1958	1959
Cash patronage dividends paid on current year's business of current year's patrons	\$1,005,666	\$524,972
Additions to member-patron equities of current year's patrons (under a revolving capital plan to be retired in later years)	349,750	497,609
Total	1,355,416	1,022,581

M.F.A. Milling Company operates on a revolving capital plan, which has usually been on a 5-year basis. For the year ended June 30, 1958, the company had net savings of \$1,355,416. It paid cash patronage refunds of \$1,005,666 for the year and added \$349,750 to member-patron equities in the revolving fund account. For the year ended June 30, 1959, it had net savings of \$1,022,581 and paid cash patronage refunds of \$1,022,581. Of this amount, it paid \$524,972 on the 1959 business of current patrons and added \$497,609 to their equities but retired an equal amount of equities for earlier years.

Total net savings since June 30, 1929, have been \$19,582,692. Of this amount the company paid \$15,582,692 as cash patronage refunds -- a substantial amount on current years' business -- and placed the remaining \$4,000,000 in member-patrons equities under its revolving capital plan of financing. This amount along with 1959 net savings accounted for total member-patron equities of \$5,022,581 on June 30, 1959. Since July 1, 1935, the company has produced 115,601,488 bags of feed with a sales value of \$430,051,921.

The following condensed statement shows the financial conditions of the M.F.A. Milling Company on June 30, 1958 and 1959:

Item	1958	1959
Assets		
Current assets	\$4,629,813	\$4,540,357
Fixed assets (net)	2,475,665	2,212,507
Other assets	268,225	253,250
Total	7,373,703	7,006,114
Liabilities and net worth		
Current liabilities	2,280,654	1,553,247
Other liabilities	60,000	402,470
Net worth	5,033,049	5,050,397
Total	7,373,703	7,006,114

The net worth of the company on June 30, 1959, consisted of the following:

Item	Amount
Surplus	\$27,816
Member-patron equities	5,022,581
Total	5,050,397

On June 30, 1959, operating facilities (buildings and equipment by plants) of the M.F.A. Milling Company consisted of the following:

Facilities	Number of plants or units	Cost value	Depreciated value
Land	2	\$132,965	\$132,965
Feed mill buildings, machinery, and equipment	2	4,776,030	1,969,203
Total		4,908,995	2,102,168

The M.F.A. Milling Company, on June 30, 1959, had 446 employees -- 279 in Springfield and 167 in Aurora. Of these, 28 were engaged in general administrative activities, 403 in manufacturing and processing operations, and 15 in wholesale distribution and field service work.

Nulaid Farmers Associations⁸ (Formerly Poultry Producers of Central California)

Nulaid Farmers Association, a centralized farmer cooperative with headquarters in San Leandro, Calif., was incorporated as Poultry Producers of Central California in October 1916 and began operating in January of the following year. Originally, its sole purpose was marketing eggs, but in 1926 its activities were expanded to include manufacture and distribution of feeds for poultry, dairy, and other types of livestock, and the marketing of poultry.

This association operates in a rather restricted region. On December 31, 1959, it had 10,497 members, who were served through 42 branches and 3 agencies throughout the central coast and central valley counties of California north of Monterey and Merced Counties.

All branches serve as receiving stations for members' eggs and distribution centers for the association's feeds. Nulaid owns and operates 2 egg packing plants and 5 feed mills. Consolidation of egg plants accounted for a smaller number in 1959 than in previous years.

According to the bylaws, membership in this association is open to any agricultural producer or cooperative poultry marketing association. A membership fee of \$10 must be paid and producers must sign an egg marketing agreement as a condition of membership. By resolution of the board of directors, applicants should

⁸Members voted on November 27, 1959, to change name from Poultry Producers of Central California to Nulaid Farmers Association.

be potential patrons of any or all departments of the association to the extent of \$500 a year.

Continuation of active membership requires minimum patronage of \$100 annually in any or all departments. The initial membership fee of \$10 is refunded if a member withdraws from the association.

Each member has one vote by reason of membership, plus one vote for each \$500 worth of patronage annually. The association has 12 directors. They are elected from 11 districts in the State for staggered terms of 2 years.

Under the egg marketing agreement, the member agrees to market through the association all the eggs he produces other than those sold to hatcheries or retained for home or farm use. This agreement further provides that eggs be pooled according to grade, and that members shall receive weekly advance payments based upon volume, quality, and grade of eggs delivered to the association during the preceding week. These payments are followed by an annual deferred or final settlement representing the difference between costs of marketing and handling and returns from the final sale of eggs.

Patronage of the feed and poultry departments has always been on a voluntary basis. Since early 1957, the association has provided for "nonmember patronage agreements" whereby a producer can receive patronage refunds on his purchase of feeds and supplies, even though he does not have voting privileges. Such agreement, however, may be terminated by the board of directors on 15 days' notice.

Volume of feed and supplies distributed to patrons by the association during the fiscal years ended December 31, 1958, and January 2, 1960, was:

Commodities	1958	1959 (January 2, 1960)
Feed	\$22,277,795	\$24,139,024
Petroleum products	2,444,736	2,562,750
Farm supplies and equipment	1,618,206	1,834,822
Total	26,340,737	28,536,596

In 1958, the association sold 292,202 tons of feed -- 173,691 tons of this delivered in bulk by 43 trucks. In 1959, it sold 313,288 tons -- 210,077 tons of this delivered in bulk by 42 trucks and trailers.

In addition to feeds and feedstuffs, members may purchase a wide range of farm supplies through the association. Principal supply items include aluminum roofing and siding, fencing materials, poultry house equipment, farm refrigeration equipment, tires and batteries, drugs, and insecticides. Petroleum products of a major

oil company are distributed on a cooperative basis to members of the association by special agreement.

The association's poultry marketing activities have been quite restricted. Its volume of eggs marketed the last 2 years has been as follows:

Volume of eggs	1958	1959
Dollar volume	\$25,279,604	\$24,087,175
Number of cases	1,834,977	2,083,629

All deferred payments to egg shippers and net margins of the feed and supply department of the association were allocated to patrons in proportion to their patronage. The amounts and their distribution for 1958 and 1959 were:

Distribution of deferred payments and net margins	1958	1959 (January 2, 1960)
Egg deferred payments	(1)	(1)
Feed capital fund credits, or cash, or both	\$1,967,290	\$2,176,116
Feed revolving fund credits	208,881	306,156
Feed reserve for contingencies	77,519	39,572
Total	2,253,690	2,521,844

¹Due to a reduction of 1 cent a dozen of eggs in the operating budget, effective in 1957.

Before 1924, Nulaid was financed by issuance of stock to the members. Since 1924, revolving funds have constituted its basis for capitalization. Separate capital revolving funds are maintained for the egg, feed, and poultry departments.

The feed capital fund provides for the normal capital requirements of the feed department. Members' credits in the feed and egg capital funds are represented by interest-bearing certificates. The feed revolving fund is noninterest-bearing and noncertificated; it has been set aside annually since 1941 as a special revolving reserve primarily to cushion sudden declines in feed inventory values. The egg capital fund has generally been revolved on a 2-1/2-year basis, the feed capital fund on a 2-1/2-year basis, and the feed revolving fund on a 3-year basis. The patronage capital funds' revolving period is gradually slowing down as more capital is needed. Presently certificates are outstanding about 4 years.

The general capital fund, created and maintained from the sale of general capital fund certificates to members, was established in 1953 and has not yet been revolved. The length of its revolving cycle is, therefore, indeterminate; it is anticipated, however, that this cycle will exceed that of the egg and feed capital funds.

During 1958, the association retired, in cash, revolving fund credits totaling \$371,797. In 1959, it retired \$320,092.

During the 14 years, 1946 through 1959, the association handled a total business volume of \$762 million. Net savings totaled \$36,944,000 of which \$32,071,000 was feed and supply net margins, \$4,576,000 was egg deferred payments, and \$297,000 was other income.

The financial condition of Nulaid Farmers Association as of December 31, 1958 and January 2, 1960, is indicated in the following condensed balance sheet:

Item	1958	1959 (January 2, 1960)
Assets		
Current assets	\$12,142,896	\$12,076,766
Fixed assets (net)	6,966,373	7,178,851
Other assets	225,172	547,674
Total	19,334,441	19,803,291
Liabilities and net worth		
Current liabilities	6,369,555	5,126,091
Deferred liabilities	900,000	2,320,000
Net worth	12,064,886	12,357,200
Total	19,334,441	19,803,291

The net worth or member and patrons equities of the association on January 2, 1960 consisted of the following items:

Item	Amount
Capital fund certificates:	
Membership capital fund (fees)	\$104,970
Egg capital fund	1,089,080
Feed capital fund	2,810,840
Poultry marketing deductions	4,660
General capital fund	4,229,830
Total	8,239,380
Capital fund accumulations	334,651
Revolving fund -- feed and farm supply departments	720,177
Reserves for contingencies - allocated	886,876
Patronage refunds from current year's feed and farm supply operations	2,176,116
Total net worth	12,357,200

At the close of 1959, the principal facilities owned by the association were:

Facilities	Cost value	Depreciated value
Land	\$536,530	\$536,530
Buildings, improvements, lease- hold improvements	5,050,277	3,717,456
Autos and trucks	2,022,379	1,054,354
Egg department	1,065,025	663,507
Feed department equipment	2,408,087	726,662
Facilities under construction	365,667	365,667
Other	392,635	114,674
Total	11,840,600	7,178,850

The association also had \$26,400 invested in federations of regional cooperatives that owned manufacturing and wholesaling facilities.

During 1959, the association employed an average of 917 men and women. Of these employees, 59 were engaged in administrative and general activities, approximately 10 of the administrative group devoted a major portion of their time to operations of the feed and supply department, approximately 12 of the administrative group worked in the egg and poultry departments, and 836 were jointly employed by the feed and supply and the egg departments as warehousemen, truck drivers, clerks, accountants, and related occupations.

Pennsylvania Farm Bureau Cooperative Association

Pennsylvania Farm Bureau Cooperative Association, with headquarters at Harrisburg, was organized in 1934. At the close of 1959, it was serving 33 member associations operating on a countywide basis, with 67,000 patrons, 90 percent of them farmers. Fourteen of the county associations were under management of the State association.

Supplies also were distributed by 5 retail stores and 17 private dealer agents who operated directly through the Farm Bureau Cooperative Distribution Association, Harrisburg, Pa. During 1959, it had 8,000 patrons, approximately 90 percent of them farmers. The total service area of the State association comprised 53 counties in Pennsylvania.

Membership in the association is limited to local agricultural cooperatives and is obtained by acquiring a \$25 share of common stock and agreeing to comply with the bylaws. Each association has only one vote. The association has 33 directors, one from each of its member associations, elected for staggered terms of 3 years.

This regional cooperative distributed supplies at wholesale for the fiscal years ended December 31, 1958 and 1959, as follows:

Commodities	1958	1959
Feed	\$9,090,149	\$8,880,135
Fertilizer	3,029,880	3,155,111
Seed	1,144,716	1,252,687
Petroleum products	7,666,380	7,791,569
Tires, tubes, and other accessories	565,962	682,713
Farm machinery and parts	304,553	147,835
Farm equipment	1,042,319	1,188,942
Steel products	856,708	880,602
Lumber, paint, and other maintenance equipment	206,471	207,382
Insecticides	571,004	624,739
Electrical equipment and appliances	240,203	173,777
Twine	203,502	221,092
Chicks, turkeys, and broilers	641,802	599,457
Total	25,563,649	25,806,041

The value of grain marketed by the association was \$661,030 in 1958 and \$678,911 in 1959.

Net margins available to patrons and their distribution during the last 2 years were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$87,430	\$88,873
Patronage refunds		
Capital stock	-	-
Cash	265,442	236,082
Additions to capital reserves	30,882	26,362
Total	383,754	351,317

Almost all net margins in 1958 and 1959 were derived from farm supply operations with only a small percent from marketing operations.

Total net margins available to patrons since organization in 1934 have been \$8,074,560. Of this amount, \$1,736,387 was paid as cash dividends on capital stock; \$822,113 was paid currently as patronage refunds in cash; \$3,316,280 was paid as patronage refunds in capital stock; and the remaining \$2,199,780 was retained as capital reserves. The total amount of capital stock (representing patronage

refunds) retired as of December 31, 1954, was \$420,125. Since then capital stock holdings have been adjusted annually on the basis of each member's volume.

The financial condition of Pennsylvania Farm Bureau Cooperative Association on December 31, 1958 and 1959, was:

Item	1958	1959
Assets		
Current assets	\$3,861,219	\$3,398,729
Fixed assets (net)	1,647,713	1,645,468
Other assets	3,878,827	3,893,693
Total	9,387,759	8,937,890
Liabilities and net worth		
Current liabilities	1,751,307	1,151,862
Other liabilities	1,045,319	1,063,133
Net worth (capital and reserves)	6,591,133	6,722,895
Total	9,387,759	8,937,890

The net worth or member and patron equities of the association on December 31, 1959, consisted of the following items:

Item	Amount
Preferred stock	\$2,234,825
Common stock	2,681,675
Reserves - allocated	1,806,395
Total	6,722,895

The association held investments of \$3,495,000 in federated regional and national cooperatives and allied companies which owned various manufacturing and wholesaling facilities.

On December 31, 1959, Pennsylvania Farm Bureau Cooperative Association had 322 employees. Of these, 164 were engaged in general and administrative activities, 66 in manufacturing and processing operations, and 92 in wholesale distribution, including warehousing and transportation.

On December 31, 1959, the principal operating facilities of Pennsylvania Farm Bureau Cooperative Association consisted of the following:

Facilities ¹	Number of plants or units	Depreciated value
Land	-	\$128,894
Feed mill and seed cleaning plant	1	485,949
Wholesale farm supply warehouses	2	113,843
Office building	1	302,168
Transport trucks and trailers	44	161,039
Hatcheries	2	84,583
Poultry breeding farm	1	58,971
Feed evaluation farm	1	102,864
Automobiles	10	17,444
Miscellaneous	-	121,238
Bulk feed terminal	1	68,475
Total		1,645,468

¹Buildings and equipment combined for each plant or warehouse.

Pacific Supply Cooperative

Pacific Supply Cooperative, commonly known as P.S.C., with headquarters at Walla Walla, Wash., was organized December 10, 1933. At the close of its operating year, June 30, 1959, it was serving 119 member associations located mainly in Oregon, Washington, and Idaho, with a few in Northern California, Western Montana, and Utah. Patrons of these associations numbered about 58,500, and 95 percent were farmers. It also served 125 nonmember associations. Twelve of the local co-ops served were under management or supervision agreements with P.S.C.

Membership in Pacific Supply Cooperative is acquired by purchasing 10 shares of Class A common stock at \$100 a share and agreeing to the provisions of the by-laws. In addition, each member subscribes to additional shares annually in amounts not exceeding 20 percent of annual net margins to each member but shall not be required to own more than 500 shares of such stock. Each member association has only one vote. P.S.C. has seven directors elected by districts for staggered terms of 2 years.

P.S.C. distributed supplies at wholesale during the fiscal years ended June 30, 1958 and 1959, as shown at the top of the next page.

Commodities	1958	1959
Feed and grain wholesaled	\$537,522	\$1,108,836
Fertilizer	5,870,808	6,316,904
Seed wholesaled	181,179	284,585
Gas, oil, grease, and fuel oil ¹	12,114,598	11,422,771
Tires, tubes, and other automotive supplies	975,500	1,179,040
Insecticides and chemicals	815,735	964,588
Hardware ²	1,688,582	1,700,415
Farm mechanical items ³	1,284,660	1,259,071
Miscellaneous supplies	52,219	60,390
Total	23,520,803	24,296,600

¹Includes revenue from transports and repair shop totaling \$745,728 in 1959 and \$763,306 in 1958.

²Includes lumber, paint, steel products, and other maintenance items.

³Includes farm machinery and parts representing about 30 percent, and general farm equipment, home appliances, and irrigation equipment representing 70 percent.

Relatively small amounts of supplies also are retailed from one petroleum plant and five seed and grain plants operated by P.S.C.

Pacific Supply Cooperative also marketed farm products in 1958 and 1959 as follows:

Commodities	1958	1959
Seed marketed	\$4,249,578	\$3,479,049
Grain marketed	2,999,882	3,008,413
Total	7,249,460	6,487,462

Total net margins, before dividends on stock and interest on capital reserve and refinery certificates, available to patrons and their distribution for fiscal years 1958 and 1959 were:

Distribution of net margins (before dividends and interest on certificates)	1958	1959
Cash dividends on preferred stock and interest on capital reserve and refinery revolving certificates	\$75,882	\$99,735
Patronage refunds		
Cash or equivalent on current business	9,785	9,321
Capital reserve certificates	289,418	221,219
Common stocks and credits	60,308	37,170
Additions to general reserves	-	-
Total	435,393	367,445

Almost all of the net margins both years were derived from farm supply operations.

In its 1957-58 fiscal year, the association retired \$104,730 of capital reserve certificates originally issued as patronage refunds. In 1958-59, it retired none of such certificates. Under its revolving capital plan, the association now has retired all such certificates through the first half of 1946.

Total net savings available to patrons, before dividends on capital stock and interest on capital reserve certificates, since organizing in 1933 and through June 30, 1959, have been \$8,984,126. They have been distributed as follows: Cash dividends on capital stock and interest on capital reserve certificates, \$799,628; cash patronage refunds and revolving of capital reserve certificates, \$2,227,817; capital reserve certificates, \$4,165,998, which will be revolved; patronage refunds issued as common capital stock and stock credits, \$1,209,093; and general and special permanent reserves, \$581,590.

The financial condition of P.S.C. on June 30, 1958 and 1959, was:

Item	1958	1959
Assets		
Current assets	\$5,450,968	\$6,623,193
Fixed assets (net)	2,816,821	4,037,770
Other assets and investments	1,818,127	2,235,537
Total	10,085,916	12,896,500
Liabilities and net worth		
Current liabilities	3,065,320	3,804,659
Other liabilities	31,399	1,052,616
Net worth or member and patron equities	6,989,197	8,039,225
Total	10,085,916	12,896,500

Member equity (capital account) on June 30, 1959, consisted of the items appearing at the top of the next page.

Item	Amount
Preferred stock	\$1,769,725
Common stock - class A	1,009,100
Common stock - class B	118,400
Common stock credits	12,665
Capital reserve certificates - 2 percent converted (no maturity; issued 1946-48)	1,056,357
New series (no dividends; issued 1949-58 no maturity)	2,888,421
Refinery revolving fund certificates	102,504
General reserve - allocated	581,590
Special permanent reserve - allocated	232,753
Undivided margins - for current year	267,710
Total	8,039,225

On June 30, 1959, P.S.C. owned and operated the following principal facilities (buildings and equipment by plants):

Facilities	Number of plants or units	Cost value	Depreciated value
Wholesale farm supply warehouses	4	\$199,147	\$76,062
Wholesale fertilizer warehouses	3	34,072	14,144
Chemical and dry fertilizer plants	5	420,262	154,821
Liquid fertilizer plants	67	567,347	311,777
Seed, bean, and grain plants	5	951,660	309,407
Leased crude oil properties and equipment	-	1,507,043	962,089
Highway transports	22	471,250	73,539
Office	1	434,009	320,593
Petroleum tank farm and other facilities	-	1,583,392	1,583,380
General investment facilities	-	216,043	215,481
Construction in progress	-	16,478	16,478
Total		6,400,703	4,037,771

The association also held investment of \$793,792 in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

On June 30, 1959, Pacific Supply Cooperative had 286 employees. Of these, 70 were engaged in general administrative activities, 16 in manufacturing and processing operations, 132 in wholesale distribution, 30 in marketing farm products, and 38 in retail distribution.

Farm Bureau Services, Inc.

Farm Bureau Services, Inc., with headquarters at Lansing, Mich., was organized on October 25, 1929, to provide a cooperative wholesale supply service for farmer cooperatives in Michigan. At the end of its fiscal year on August 31, 1959, this cooperative was serving some 100,000 patrons through its 129 member associations, 104 nonmember associations (patronage agreement dealers), 18 branch retail outlets, and 145 private dealer outlets. Farmers represented approximately 90 percent of the patrons of the retail outlets. Farm Bureau Services, Inc., managed 18 of the member associations under management contracts.

Farm Bureau Services, Inc., is both a federated and a centralized cooperative, and performs both wholesale and retail services. Local farmer cooperatives may become members by acquiring one share of Class A Common stock, which has no par value, and agreeing to comply with the bylaws. Each share carries one vote. Michigan Farm Bureau Federation holds a majority of the outstanding shares. Membership in the local cooperatives is not limited to Farm Bureau members.

Individual farmers who are served primarily by retail branches or dealer-agents of the State organization may become members of Farm Bureau Services, Inc., by acquiring one share of common stock at \$1 par value or signing a membership agreement if annual purchases of supplies exceed \$200. This stock also has voting rights. There were approximately 14,481 of these members at the end of the 1959 fiscal year.

The board of nine directors of Farm Bureau Services, Inc., is made up of five members of the Michigan Farm Bureau board and four members elected from the State at large by local member cooperatives. Term of office is 1 year.

The regional's wholesale division⁹ distributed supplies during the fiscal years ended August 31, 1958 and 1959 as follows:

Commodities	1958	1959
Feed	\$4,222,298	\$4,388,914
Fertilizer	5,845,141	5,970,712
Seed	1,095,112	1,208,115
Steel products	1,097,448	1,444,452
Lumber, paint and other maintenance equipment	835,882	1,158,242
Insecticides	451,499	311,872
Coal	190,689	208,939
Dairy and appliances	284,130	206,377
Total	14,022,199	14,897,623

⁹Beginning January 1, 1949, the distribution of petroleum products was handled through a separate corporation, the Farmers Petroleum Cooperative, Inc. Its volume of business for the year ended August 31, 1958, was \$7,182,735. Net savings totaled \$496,263. This compared with a volume of \$7,147,849 and net savings of \$600,081 for the year ended August 31, 1959.

This wholesale volume included the supplies transferred to its own retail branch outlets amounting to \$5,320,471 in 1958 and \$6,322,306 in 1959.

In addition to the central office wholesale supply operations, the retail value of supplies distributed through branch outlets owned by the association amounted to \$8,960,834 in 1958 and \$10,234,520 in 1959.

While Farm Bureau Services, Inc., is primarily a farm supply purchasing cooperative, it marketed farm products during the fiscal years ended August 31, 1958 and 1959, as follows:

Commodities	1958	1959
Grain	\$2,043,790	\$2,987,212
Beans	128,819	327,806
Eggs and poultry	-	-
Total	2,172,609	3,315,018

Total net margins, after Federal income taxes, available to patrons from all operations, and their distribution for 1958 and 1959 fiscal years were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$17,797	\$17,141
Patronage refunds payable in capital stock	322,412	351,044
Additions to capital reserves	62,403	62,962
Total	402,612	431,147

In 1958, the association retired stock or certificates amounting to \$209,310, originally issued in payment of patronage refunds. In 1959, it retired \$255,130. The association has now retired all such stock or certificates through 1946 under its revolving capital plan.

Total net margins, after Federal income taxes, since organizing in 1929 have been \$5,378,118. Of this amount, the association paid \$573,021 as cash dividends on capital stock, \$43,497 as cash patronage refunds, \$4,295,723 as patronage refunds in the form of capital stock and debentures, and retained the remaining \$465,877 in general reserves. The association has retired a total of \$1,109,369 of capital stock and debentures under its revolving capital plan of financing since organization.

The financial condition of Farm Bureau Services, Inc., as of August 31, 1958 and 1959, is shown by the following condensed statement:

Item	1958	1959
Assets		
Current assets	\$4,559,822	\$4,997,688
Fixed assets (net)	3,725,874	3,796,646
Other assets	920,940	986,559
Total	9,206,636	9,780,893
Liabilities and net worth		
Current liabilities	1,763,008	1,818,047
Other liabilities	830,000	860,800
Debentures, capital stock, and patrons equities	6,613,628	7,102,046
Total	9,206,636	9,780,893

The debentures, capital stock, and patrons' equities of the association on August 31, 1959, consisted of the following items:

Item	Amount
Subordinated debentures	
Series A - 5 percent - 15 year	\$3,083,400
Series A - 4 percent - 10 year	206,910
Series B - 3 percent - 15 year	398,390
Capital stock and credits	
Class A common	92,224
Class A preferred	137,000
Class AAA preferred	766,820
Class B preferred	1,095,680
Fractional share credits	210,759
Patrons' equities	
Allocated patronage refunds	352,443
Reserve for operating capital	407,376
Patronage dividends payable for current year	351,044
Total	7,102,046

Type and value of the principal operating facilities (buildings and equipment by plants) owned on August 31, 1959, were:

Facilities	Number of plants or units	Cost value	Depreciated value
Egg marketing building and equipment	1	\$60,841	\$60,841
Wholesale farm supply warehouse ¹	6	534,609	360,384
Seed cleaning plant and warehouse	1	382,851	301,483
Retail farm supply branches ¹	18	1,393,595	996,757
General delivery trucks	52	181,763	71,870
Portable feed mixing units	8	127,449	41,800
Office equipment	-	203,808	96,847
Transportation department trucks, trailers, and trailer-tractor units	20	226,247	99,723
Bulk petroleum plants	2	13,391	5,674
Fertilizer manufacturing plants	2	3,141,784	1,733,010
Retail gasoline station and garage (leased)	1	47,249	28,257
Total		6,313,587	3,796,646

¹Six of these units are combination wholesale and retail units. Cost and depreciated values have been divided according to use.

Farm Bureau Services also had \$838,310 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

At the end of its fiscal year on August 31, 1959, Farm Bureau Services, Inc., had 474 employees. Of these, 66 were engaged in general administrative activities, 114 in manufacturing and processing operations, 144 in wholesale distribution, 92 in retailing and marketing, and 58 in handling contractual services for the affiliated Michigan Farm Bureau.

Tennessee Farmers Cooperative

Tennessee Farmers Cooperative, LaVergne, referred to as T.F.C., was organized on September 27, 1945. At the end of 1959, it was serving 88 county cooperatives in Tennessee, with 83 of them members. These associations were serving about 125,000 patrons, 90 percent of them farmers. None of the locals were under management and financing arrangements with the State association.

Membership is obtained by purchasing a \$100 share of common stock and agreeing to provisions of the bylaws. Each member association has only one vote. The State association has seven directors elected by districts for staggered terms of 3 years and one public director elected by the seven.

Tennessee Farmers Cooperative is independent of the Tennessee Farm Bureau Federation, but frequently one or more directors may be on the board of both organizations. The same relationship exists among the county cooperatives and county farm bureaus.

Tennessee Farmers Cooperative distributed supplies at wholesale during fiscal years ended December 31, 1958 and 1959 as follows:

Commodities	1958	1959
Feed	\$2,861,042	\$3,687,129
Fertilizer	6,327,901	7,012,629
Seed	2,120,078	2,436,498
Building supplies and hardware	1,851,589	2,138,216
Petroleum products, incl. tires	3,519,966	4,111,435
Agricultural chemicals	374,668	637,059
Total	17,055,244	20,022,966

Net margins available to patrons and their distribution in 1958 and 1959 were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$143,710	\$180,011
Patronage refunds paid in preferred stock	500,680	555,320
Additions to allocated reserves	55,640	61,703
Total	700,030	797,034

In addition to net margins available to patrons at the end of 1959, the association paid out \$546,656 in cash during the year to the county co-ops on special performance programs. The amount of such refunds in 1958 was \$389,227.

T.F.C. has operated on a revolving capital plan, which has not been under a firm advance commitment. Allocated reserves are now revolved on an 8-year basis and preferred stock on a 10-year basis. In 1959, the association paid back \$134,065 of allocated reserves, thus retiring such reserves through 1951; and \$25,410 of preferred stock, thus retiring all stock issued in 1949. In December 1959, authorization was granted to retire all of 1952 allocated reserves, which amount to \$133,151.

Total net margins available for patrons since organization in 1945 have been \$3,936,350. Of this amount, the association paid \$733,755 as cash dividends on capital stock, \$56,151 in cash patronage refunds, \$2,764,537 as patronage refunds in capital stock, and retained \$381,907 as patrons' allocated reserves. The cooperative has retired member equities totaling \$376,269 since organizing. In addition, it has paid a considerable amount to local cooperatives for special performance under various programs.

The financial condition of Tennessee Farmers Cooperative on December 31, 1958 and 1959, is shown in the following condensed statement:

Item	1958	1959
Assets		
Current assets	\$2,390,886	\$2,968,062
Fixed assets (net)	1,961,167	2,226,905
Other assets	267,019	423,561
Total	4,619,072	5,618,528
Liabilities and net worth		
Current liabilities	795,340	1,379,281
Other liabilities	314,500	249,460
Net worth or member and patron equities	3,509,232	3,989,787
Total	4,619,072	5,618,528

The net worth or member and patron equities of the association on December 31, 1959, consisted of the following items:

Item	Amount
Preferred stock, (\$10 par value)	\$3,044,260
Common stock (\$100 par value)	8,300
Patronage refunds payable in preferred stock	555,320
Patron's allocated reserves	381,907
Total	3,989,787

On December 31, 1959, about 90 percent of the association's net worth was represented by stock, and of this amount approximately 70 percent was held by member cooperatives. The remaining 10 percent had been accumulated through allocated reserves.

The operating facilities (buildings and equipment by plants) owned by Tennessee Farmers Cooperative on December 31, 1959, appears at the top of the next page.

Facilities	Number of plants or units	Cost value	Depreciated value
Land (acres)	191	\$84,182	\$84,182
Fertilizer plants	3	830,469	396,756
Seed plants	2	217,675	146,389
Warehouses	4	586,445	465,623
Automotive equipment	13	103,066	66,207
Feed mill	1	1,121,832	946,300
Tire recapping plant	1	63,898	55,773
Other (incl. office building under construction)	-	65,675	65,675
Total		3,073,242	2,226,905

Tennessee Farmers Cooperative also had \$423,561 invested in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

As of December 31, 1959, the cooperative had 250 employees. Of this number, 55 were engaged in general and administrative activities, 135 in manufacturing or processing supplies, and 60 in wholesale distribution, including warehousing and transportation.

Central Cooperatives, Inc.¹⁰

Central Cooperatives, Inc., often referred to as CCI, with headquarters at Superior, Wis., was organized on September 16, 1917. At the close of its operating year on November 30, 1959, it was serving 237 member and 50 nonmember cooperatives in the northern parts of Michigan, Wisconsin, Minnesota, and some parts of North Dakota and South Dakota. These cooperative outlets served approximately 100,000 patrons, 75 percent of them farmers. None of these local cooperatives was operating under management or supervision agreements with CCI.

Membership in CCI is obtained by acquiring a \$100 share of common stock and agreeing to comply with its bylaws. Each member cooperative has one vote for every 50 members in the local cooperative, provided it owns one share of CCI's common stock for each 50 members. CCI has 11 directors elected on a district basis for staggered terms of 3 years.

This association distributed supplies at wholesale during fiscal years ended November 30, 1958 and 1959, as appears at the top of the next page.

¹⁰Members voted on March 26-27, 1957, to change name from Central Cooperative Wholesale to its present name.

Commodities	1958	1959
Feed	\$2,046,996	\$2,100,748
Fertilizer	440,000	392,000
Seeds	161,000	145,000
Petroleum products	2,136,989	2,351,288
Tires, tubes, and other accessories	412,781	443,920
Steel products	154,652	189,120
Lumber, paints, and other maintenance equipment	432,767	425,437
Insecticides	26,934	41,513
Electrical equipment and appliances	506,547	538,024
Hardware	392,310	537,150
Twine	71,695	90,765
Coal	70,098	78,353
Groceries	6,155,476	6,624,630
Fresh fruits and vegetables	704,658	740,073
Bakery products	409,589	423,140
Coffee	488,531	458,784
Clothing	833,226	920,473
Plumbing and heating equipment	208,715	273,267
Printing	-	334,456
Total	15,652,964	17,108,141

Net margins, after income taxes, available to patrons and their distribution in fiscal years 1958 and 1959 were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$25,202	\$23,430
Patronage refunds in capital stock	168,466	270,714
Additions to unallocated surplus	10,004	15,358
Total	203,672	309,502

Stocks or certificates amounting to \$63,600, originally issued in payment of patronage refunds, were retired during 1958. None were retired in 1959. The association has now retired all such stock or certificates through half of 1943 under its revolving capital plan.

Total net margins available for patrons since organization have been \$5,026,131. Of this amount, CCI paid \$569,308 as dividends on capital stock and \$4,098,750 as patronage refunds in capital stock, and retained the remaining \$358,073 as unallocated surplus. It has retired a total of \$468,500 of capital stock representing patronage refunds under its revolving capital plan.

The financial condition of CCI on November 30, 1958 and 1959, is shown in the following statement:

Item	1958	1959
Assets		
Current assets	\$2,860,473	\$3,513,891
Fixed assets (net)	582,228	571,473
Other assets	1,605,487	1,844,092
Total	5,048,188	5,929,456
Liabilities and net worth		
Current liabilities	725,784	919,164
Long-term notes	555,250	743,761
Net worth (capital and reserves)	3,767,154	4,266,531
Total	5,048,188	5,929,456

The net worth or member and patron equities of the association on November 30, 1959, consisted of the following items:

Item	Amount
Preferred stock (Par \$25)	\$585,750
Common stock (Par \$100)	3,035,500
Share credits	16,493
Patronage refunds payable in stock	270,715
Surplus reserve	358,073
Total	4,266,531

On November 30, 1959, principal facilities (buildings and equipment by plants) owned and operated by CCI consisted of the following:

Facilities	Number of plants or units	Cost value	Depreciated value
Land	-	\$63,394	\$63,394
Warehouse and office (buildings and equipment)	4	437,889	251,833
Bakery (building and equipment)	1	119,260	22,803
Coffee roasting plant (equipment)	1	21,625	4,927
Feed mill (building and equipment)	1	170,466	29,185
Garage and delivery equipment	21	313,252	135,971
Printing (building and equipment)	1	67,838	63,360
Total		1,193,724	571,473

CCI also had \$1,844,092 invested in federations of regional cooperatives operating various manufacturing and wholesaling facilities.

On November 30, 1959, CCI had 251 employees. Of these 127 were engaged in general and administrative activities, 47 in manufacturing and processing operations, and 77 in wholesale distribution, including warehousing and transportation.

Poultrymens Cooperative Association

(Formerly Poultrymens Cooperative Association of Southern California)

Poultrymens Cooperative Association, commonly called PCA, with headquarters in Los Angeles, was organized in January 1931. It was formed to acquire most of the physical assets and business of cooperative egg marketing and poultry feed milling associations owned by poultrymen in the area.

PCA is a centralized cooperative which had 1,476 members on March 31, 1959. It serves an area comprising most of eight counties in the vicinity of Los Angeles. Approximately 99.3 percent of its production supply or purchasing business was done with farmer patrons in 1959.

Any person, company, corporation, or partnership engaged in poultry and egg production is eligible for membership, provided the operator has a project consisting of 400 laying hens or its equivalent. The membership fee is \$10. Each member has a minimum of one vote and receives an additional vote for each \$5,000 of yearly business with the association up to a maximum of five votes.

PCA has seven directors elected by districts on a staggered basis for terms of 3 years. Each district has an informal local organization that functions in an advisory capacity to PCA and as an educational agency for its members.

PCA serves feed and supply patrons through seven branch plants in addition to the headquarters facilities. The central plant at Los Angeles consists of complete feed manufacturing and pelleting equipment, bulk grain storage, bulk feed delivery equipment, an egg handling department, central supply department, and general offices. All branches except two have feed manufacturing facilities. One is a retail store and one serves as an agency for handling PCA feeds. Bulk feed delivery is available in all districts. Eggs are candled and sold at the Los Angeles central plant.

PCA distributed supplies and equipment to patrons during the fiscal years ended March 31, 1958 and 1959, as follows:

Commodities	1958	1959
Feed	\$11,161,238	\$10,496,239
Miscellaneous supplies (mostly poultry supplies and equipment)	274,996	337,319
Total	11,436,234	10,833,558

Feed volume in the 1959 fiscal year was 139,792 tons, with about 87 percent delivered in bulk by 29 specially equipped trucks operated by the association. This compares with 151,758 tons in 1958 with 84 percent delivered in bulk by 32 trucks.

PCA has always performed egg marketing services for its members. Sales of eggs totaled \$3,197,895 during fiscal year 1958 and \$2,661,589 during 1959. A total of 6,623,803 dozen were marketed in 1959.

Net margins available to patrons and their distribution in 1958 and 1959 fiscal years were:

Distribution of net margins	1958	1959
Patronage refunds		
Cash	\$232,425	\$420,378
Revolving fund credits	319,761	245,646
Additions to general reserves	-14,927	5,720
Total	537,259	671,744

Net margins, or savings, are computed separately for the feed, supply, and egg departments and returned to all members on a patronage basis with the same rates declared for all branches. During 1959, about 62.5 percent of the feed, farm supply, and egg department overages on member business was paid as a cash refund. The remaining 37.5 percent was retained in the revolving fund.

During fiscal year 1958, PCA retired in cash \$384,639 of revolving fund credits for the 1950-51 fiscal year. During 1959, it retired credits of \$380,162 for the 1951-52 fiscal year.

Total net margins available to patrons since organizing in 1931 were \$10,901,769. Of this amount, PCA paid \$5,724,000 in cash patronage refunds on current year's business; placed a total of \$5,089,450 in revolving fund credits; and added \$88,319 to general reserves. During this period, it has retired in cash \$2,680,300 of these revolving fund credits.

PCA has a system of financing that is somewhat unusual for most areas except the West. Practically all of its member capital is represented by a 7-year revolving fund. Capital is accumulated by retaining capital overcharges or markups on feed and supplies, which are added to the billing prices to members, and by retaining a fixed percent of the returns received for products marketed for members. These capital overcharges or retains are represented by the "revolving fund credits" shown in the "distribution of net margins" section of this report.

Mixed feed is the foundation of PCA's capital structure. Prices are determined weekly, based on replacement value of the feed ingredients plus estimated cost of milling, distribution, and general administrative expense.

To this is added a capital overcharge, which in recent years has been 15 cents per 100 pounds. Based on the capital needs to maintain a strong financial condition, about 10 cents of this 15 cents capital markup is placed in the revolving fund structure. The remainder, together with any savings made in achieving costs under original estimates, is returned to the membership as a cash patronage refund.

The financial condition of PCA on March 31, 1958 and 1959, is shown in the following condensed statement:

Item	1958	1959
Assets		
Current assets	\$1,629,076	\$1,634,193
Fixed assets	1,491,957	1,588,965
Other assets	108,946	105,174
	<hr/>	<hr/>
Total	3,229,979	3,328,332
 Liabilities and member equities		
Current liabilities	552,931	770,455
Other liabilities	39,187	45,922
Member equities or net worth	2,637,861	2,511,955
	<hr/>	<hr/>
Total	3,229,979	3,328,332

The net worth or member and patron equities of the association on March 31, 1959, consisted of the following items:

Item	Value
Membership fees	\$14,760
Revolving fund credits from 1953 to 1959, inclusive	2,408,875
General reserve	88,320
	<hr/>
Total	2,511,955

On March 31, 1959, principal operating facilities (buildings and equipment by plants) owned by PCA appears at the top of the next page.

Facilities	Number of plants	Cost value	Depreciated value
Land	-	\$129,611	\$129,611
Central feed mill, supply department, egg handling facilities, and general office	1	966,660	393,786
Branch stations and mills	7	1,495,378	915,462
Automobiles and trucks	-	493,973	150,106
	-		
Total		3,085,622	1,588,965

PCA also had \$7,288 invested in other regional cooperatives which operate various manufacturing or processing facilities.

On March 31, 1959, PCA had 217 full-time employees. Of these, 47 were engaged in general and administrative activities, 134 spent a majority of their time in feed and supply operations, and 36 spent most of their time in egg marketing operations.

Arkansas Farmers Association

Arkansas Farmers Association, referred to as A.F.A., with headquarters in North Little Rock, was organized in 1945. As of June 30, 1959, A.F.A. served 43 local member associations which operated 47 retail outlets, 5 nonmember local cooperatives, and 15 private dealer-agents handling a general line of farm production supplies. These outlets in turn served approximately 50,000 farmers. None of the member co-ops were under management or supervision agreements with A.F.A.

Membership in A.F.A. is limited to local cooperatives and is obtained by purchasing a \$100 share of common voting stock and agreeing to the provisions of the bylaws. Each member association has only one vote.

A.F.A. has 12 directors. Of these, 10, or 2 from each of 5 districts, are elected for staggered terms of 3 years. In addition, one director is elected for a term of 1 year from the district purchasing the largest dollar volume from A.F.A. during the preceding year, and one director is elected for 1 year who shall be the president of the managers' association. A.F.A. was first organized as the Arkansas Farm Bureau Cooperative but is now independent of any farm organization in the State.

This cooperative distributed supplies at wholesale during fiscal years ended May 31, 1958 and June 30, 1959,¹¹ as follows:

Commodities	1958	1959
Feed (direct and warehouse)	\$5,787,012	\$6,431,677
Seed	639,205	793,627
Insecticides	136,050	224,908
Fertilizer	540,984	790,797
Baby chicks and hatching eggs	656,271	-
Petroleum products (including TBA items)	1,184,873	2,004,908
General farm supplies	263,960	153,925
Total (net)	9,208,355	10,399,842

Net savings available to patrons and their distribution in fiscal years ending in 1958 and 1959 were:

Distribution of net savings	1958	1959
Dividends on preferred stock	\$17,290	\$16,930
Cash patronage refunds	-	740
Patronage refunds issued in preferred stock	-	57,050
Additions to capital reserves	27,178	24,021
Total	44,468	98,741

The association retired, in cash or by application on receivables, certificates of equity amounting to \$114,851 in the fall of 1956 under a revolving capital plan. None have been retired since that time. It has now retired practically all such equities issued before 1953.

The financial condition of Arkansas Farmers Association on May 31, 1958 and June 30, 1959, appears at the top of the next page.

¹¹Fiscal year changed to June 30 in 1958. Both years cover a 12-month period.

Item	1958	1959
Assets		
Current assets	\$687,720	\$878,520
Fixed assets	388,813	258,755
Other assets	215	612
Investment and equities in cooperatives	131,951	145,582
Total	1,208,699	1,283,469
Liabilities and net worth		
Current liabilities	637,101	510,619
Other liabilities	55,225	162,120
Net worth or member and patrons equities	516,373	610,230
Total	1,208,699	1,283,469

The net worth or member and patrons equities of the association on June 30, 1959, consisted of the following items:

Item	Amount
Preferred stock	\$282,170
Common stock	4,300
Certificates of equity	330,020
Reserve for contingencies	-87,571
Unallocated net savings for year ended 6/30/59 (after dividends on preferred stock)	81,311
Total	610,230

Facilities (building and equipment by plants) owned and operated by A.F.A. at the close of its 1959 fiscal year included:

Facilities	Number of plants or units	Cost value	Book value
Land	-	\$15,715	\$15,715
Farm supply warehouse, equipment, and office	2	151,706	91,330
Seed plant (building and equipment)	1	92,049	62,611
Hatcheries-complete	1	117,145	85,335
Automobiles and trucks	-	7,679	3,764
Total	-	384,294	258,755

A.F.A. also had \$124,115 of investments and patrons' equities in regional cooperatives and federations of regionals that were operating various manufacturing facilities. This did not include stock in the bank for cooperatives.

On June 30, 1959, A.F.A. had 40 employees -- 15 engaged in general and administrative activities, 20 in wholesale distribution including warehousing, and 5 in seed processing and warehousing.

Farmers Union State Exchange

Farmers Union State Exchange, with headquarters at Omaha, Nebr., was organized in 1914. On September 30, 1959, it was serving 406 member associations with 82,000 patrons, 95 percent of them farmers. Through 46 independent dealers, it reached an additional 10,000 patrons, 95 percent of them farmers. None of the member co-ops was under management and financing agreements with the Exchange.

The Exchange also has 4,025 individual farmer members. Most of them became members in the early days of the Exchange when it did a mail order business. Some are located in areas served by dealer agents. The stock of these members is being retired gradually. Thus in effect the Exchange operates as a federated organization.

Membership in the Exchange is obtained by purchasing a \$12.50 share of common stock and agreeing to the provisions of the bylaws. Each member has only one vote. The Exchange has seven directors elected at large for staggered terms of 3 years. The Exchange is organized independently of the Nebraska Farmers Union, but works closely with that organization, and in turn its members account for a large portion of the sales of State Exchange merchandise.

The Exchange distributed supplies at wholesale during fiscal years ended on September 30, 1958 and 1959, as follows:

Commodities	1958	1959
Feed, seed, fertilizer, and insecticides	\$779,381	\$1,036,659
Gasoline, oil, and grease	5,447,703	6,030,233
Tires, tubes, and other accessories	437,510	613,734
Farm machinery equipment, fencing and hardware	785,837	910,454
Paint	44,264	61,124
Coal	83,687	-
Roofing	55,581	72,105
Miscellaneous	7,144	4,014
Total	7,641,107	8,728,323

The Exchange also had retail sales of \$478,573 in 1958 and \$101,054 in 1959.

Total net margins available to patrons from all operations and their distribution for the 1958 and 1959 fiscal years were:

Distribution of net margins	1958	1959
Cash dividends on capital stock	\$35,265	\$38,887
Patronage refunds allocated as member equities	744,549	680,486
Total	779,814	719,373

The association distributed its net margins in the following manner: Earnings received from manufacturing cooperatives are paid in the same form as received. All earnings from wholesale brokerage and merchandising operations are paid one-half in shares of stock and one-half in ten-year patronage dividend notes.

During the fiscal year 1958, patronage dividend notes and debentures amounting to \$254,983, originally issued in payment of patronage refunds, were retired in cash. The amounts retired in fiscal year 1959 totaled \$408,002. Retirement of these member equities is not on a definite revolving schedule, but entirely at the discretion of the board of directors and the shareholders.

The financial condition of the Farmers Union State Exchange on September 30, 1958 and 1959, is shown in the following condensed statement:

Item	1958	1959
Assets		
Current assets	\$1,282,503	\$1,519,131
Fixed assets (net)	156,840	287,014
Other assets	2,391,142	2,335,535
Total	3,830,485	4,141,680
Liabilities and net worth		
Current liabilities	259,182	335,462
Other liabilities	388,792	422,547
Net worth or member and patron equities	3,182,511	3,383,671
Total	3,830,485	4,141,680

The net worth or member and patron equities of the association on September 30, 1959, appears at the top of the next page.

Item	Amount
Capital stock - common	\$972,187
Capital stock credits	35,305
Subordinated debentures	3,359
Special reserve accounts	21,965
General surplus	168,920
Allocated surplus	2,181,935
Total	3,383,671

On September 30, 1959, the Exchange had principal operating facilities (buildings and equipment by plants) as follows:

Facilities	Number of plants or units	Cost value	Depreciated value
Fertilizer plant	1	\$40,381	\$40,381
Office building and warehouse	1	297,221	172,167
Lubricating oil compounding plant	1	179,500	15,917
Transport trucks	5	81,746	33,724
General delivery trucks	6	37,039	18,654
Truck garages	3	12,686	2,270
Total	17	648,573	283,113

The Exchange also had \$2,328,767 invested in federations of regional cooperatives that operated various manufacturing and wholesaling facilities.

At the close of the 1959 fiscal year, the Exchange had 114 employees. Of these, approximately 22 were engaged in general and administrative activities, 33 were in manufacturing or processing operations, and 59 were in wholesale distribution, including warehousing and transportation.

PART II

Farm Production Supply Business of Three Major Regional Marketing Cooperatives

Three regional cooperatives, primarily marketing associations, reported their volume of production supply and equipment business and the net margins realized on these operations in 1958 and 1959. The first two are of the federated type and distribute farm supplies to local member associations. The third one is a centralized organization that distributes supplies direct to farmers through local branches.

Land O'Lakes Creameries, Inc.

Land O'Lakes Creameries, Inc., with headquarters in Minneapolis, Minn., was organized in 1921. It is a federated organization owned by 412 local member dairy marketing associations which in turn serve approximately 65,000 farmers. Land O'Lakes serves Minnesota, Wisconsin, North Dakota, and South Dakota.

Value of farm production supplies, poult, and equipment distributed at wholesale to members by the Land O'Lakes Creameries, Inc., for the years ended December 31, 1958 and 1959, was as follows:

Commodities	1958	1959
Feed	\$14,916,091	\$16,184,348
Fertilizer	4,493,322	4,056,147
Seed	1,207,903	1,303,313
Poult	796,703	997,575
Sub-total	21,414,019	22,541,383
Equipment (mostly plant; some dairy, poultry, and other)	5,994,255	6,395,146
Total	27,408,274	28,936,529

Feed, seed, fertilizer, and poult are handled by the Agricultural Services Division. Net margins (after direct and indirect expenses) were \$1,546,022 in 1958 and \$2,014,564 in 1959. Equipment is handled by the Equipment Sales Division. Net margins realized were \$340,790 in 1958 and \$310,309 in 1959.

The Cotton Producers Association

The Cotton Producers Association, with headquarters in Atlanta, Ga., began handling farm production supplies in 1941. It serves 150,000 farmers in Georgia, Alabama, North Florida, and a small portion of Tennessee through 80 member associations and 20 dealer representatives.

Fertilizer, feed, seed, and other farm supplies were distributed to members during fiscal years ended June 30, 1958 and 1959, as follows:

Commodities	1958	1959
Feed	\$11,198,344	\$15,065,007
Fertilizer	5,159,393	6,005,605
Seed	979,571	1,116,327
Farm supplies	1,653,929	1,828,478
Pesticides	643,287	647,334
Baby chicks	2,367,301	2,661,697
Total	22,001,825	27,324,448

Net margins on these production supply operations amounted to \$1,854,912 in 1958 and to \$2,520,904 in 1959.

Utah Poultry and Farmers Cooperative

Utah Poultry and Farmers Cooperative, with headquarters in Salt Lake City, Utah, was organized in 1923. It is a centralized organization which in 1959 directly served approximately 30,000 farmers in Utah and Southeastern Idaho through its headquarters and 27 branch stations.

Value of feed and other farm supplies distributed directly to patrons by this cooperative during the years ended December 31, 1958 and 1959, was as follows:

Commodities	1958	1959
Feed	\$5,999,832	\$5,818,552
Fertilizer	387,636	452,189
Seed	182,052	126,469
Other farm supplies and equipment	1,127,580	1,300,953
Total	7,697,100	7,698,163

Net margins on these operations amounted to \$180,936 in 1958, and to a loss of \$13,211 in 1959.

PART III

Summary of 21 Major Regional Cooperatives

This section summarizes detailed information on the farm production supply operations of 21 regionals described in this report.

Years Organized

The regional cooperatives were organized in the following years:

Year	Number of associations organized
1914	1
1916	1
1917	2
1918	1
1920	1
1923	2
1926	1
1927	2
1929	2
1931	2
1933	2
1934	2
1945	2
Total	21

Type and Number of Retail Outlets

The 21 cooperatives operated throughout most of the United States. In addition a number of smaller and often specialized regional associations operated in the same areas. The 21 cooperatives distributed supplies through 7,691 retail outlets in 1958, and 7,724 in 1959. The type and number of outlets were:

Type of retail outlet	1958	1959
Local member cooperatives of regional associations		
Not managed or supervised by regionals	4,398	4,334
Managed or supervised by regionals	307	319
Local nonmember cooperatives of regionals	763	853
Local cooperative service stores managed by regionals or subsidiaries and branches of regionals	638	693
Independent service agencies or dealer agents	1,216	1,165
Farmer-representatives or farmer-agents	369	360
Total	7,691	7,724

The "local member cooperatives" included in this classification are independent organizations holding membership interests in the regional associations. The "non-member cooperatives" are also independent but are patrons only of the regional cooperatives. The "managed cooperative service stores or subsidiaries and branches" are under direct management of the regionals. "Independent service agencies or dealer agents" are independent concerns that perform a distributing service for the regional cooperatives in accordance with mutually agreeable policies. These plans include provisions for passing on to the farmers the patronage refunds distributed by the regionals. Similarly, the "farmer-representatives" or "farmer-agents" are farmers who serve as distributing agents for the regionals. The association reports in Part I give more detailed information on the character of local service outlets.

Number of Patrons Served

The number of patrons served by the 21 regional cooperatives during fiscal years ended in 1958 and 1959 was:

Fiscal year	Farmers		Nonfarmers	
	Total	Percent of patrons	Total	Percent of patrons
1958	3,076,305	90.8	311,953	9.2
1959	3,078,470	90.2	332,607	9.8

Membership Requirements

The financial requirements for membership reported by the 21 associations were:

Requirements	Number of cooperatives
Capital stock	
One \$1 share by farmer	2
One \$5 share by farmer	1
One \$12.50 share by local cooperative	1
One \$25 share by local cooperative	4
One \$100 share by local cooperative	5
Ten \$100 shares by local cooperative	1
One \$1 share by farmer; one no par share by local cooperative	1
One no par share by local cooperative	1
Membership fee	
One \$2.50 membership by farmer	1
One \$10 membership by farmer	2
Other	
Patronize the cooperative, provided patron is a farmer or farmer cooperative	2
Total	21

Voting Provisions

The voting provisions reported by the 21 associations were:

Provisions	Number of cooperatives
One vote per member cooperative or farmer	16
One vote per member cooperative plus one vote for each \$100,000 of purchases in excess of first \$5,000 of purchases	1
One vote per member-farmer plus one vote for each \$5,000 of business with cooperative annually, with a maximum of 5 votes	1
One vote per member cooperative plus one vote for every 50 members in the local provided it owns one share of stock for each 50 members	2
One vote per member-farmer plus one vote for each \$250 of eggs marketed, for each \$250 of poultry and turkeys marketed, and for each \$500 of feed and supplies purchased	1
Total	21

Number, Term, and Selection of Directors

Data on number, term, and selection of directors of the associations follow:

Number of directors and method of selection	Number of associations
Elected directly by members	
0	1 ¹
4	1
6	1
7	4
9	1
10	3
11	4
12	2
16	1
20	1
33	1
53	1
Total	21
Appointed, nominated, or elected by general farm organizations	
1	1
2	1
3	1
4	1
5	1
6	1
26	1
Total	7
Appointed as public directors by cooperatives' boards of directors or by public agencies	
1	3
6	1
Total	4

¹All directors were elected by the general farm organization members rather than by delegates representing the regional's member local associations.

Of 20 associations reporting terms of their elected directors, 13 stated they elected their directors for 3-year terms, 4 elected theirs for 2-year terms, and 3 elected theirs for 1-year terms. All with 2-year and 3-year terms were elected on a staggered basis.

Terms of the directors from farm organizations and those appointed as public directors varied from 1 to 3 years in duration.

Number of Employees

The number of employees engaged in different types of activities in the 21 regionals at close of fiscal years ended in 1958 and 1959 was:

Type of activity	1958		1959	
	Total number	Percent of total	Total number	Percent of total
Administrative	4,362	21.0	4,662	21.1
Manufacturing and processing	6,800	32.8	7,125	32.3
Wholesale distribution (including warehousing and transportation)	3,112	15.0	3,107	14.1
Retail distribution	4,852	23.4	5,130	23.2
Marketing farm products	1,618	7.8	2,051	9.3
Total	20,744	100.0	22,075	100.0

Fiscal Year Endings

The number of regionals closing their fiscal years on the following specified dates in 1959 was:

Date	Number
March 31	1
May 31	1
June 30	5
August 31	4
September 30	1
November 30	1
December 31	8
Total	21

The dollar volume of supplies of the seven regionals closing their fiscal year during the first half of 1959 accounted for 46 percent of the total for all associations. The volume of the remaining 14 accounted for 54 percent of the total.

Dollar Volume of Business

Seventeen of the 21 regionals distributed supplies at wholesale totaling \$959 million in fiscal 1959 compared with \$880 million in fiscal 1958. The other four regionals distributed their supplies primarily at retail, and their volume totaled \$163 million in 1958 and \$164 million in 1959.

Five of the 17 regionals also reported the volume of supplies handled by retail affiliates and branches--\$230 million in 1958 and \$256 million in 1959. When this volume was added to that of the four regionals distributing supplies direct to patrons, total retail volume was \$392 million in 1958 and \$420 million in 1959.

Combined volume of supplies distributed at wholesale and retail by the 21 regionals was \$1,272 million in 1958 and \$1,379 million in 1959.

Combined volume of farm products marketed by 11 regionals was \$220 million in 1958 and \$231 million in 1959.

Types of Supplies Handled¹²

Table 1 and figure 2 show the relative importance of the various types of supplies handled by 21 regional cooperatives during fiscal years ended in 1958 and 1959. Total volume distributed in 1959 showed an increase of 8 percent over that distributed in 1958. Feed, petroleum products, and fertilizer made up 81.8 percent of the total volume in 1958 and 81.3 percent in 1959.

Feed predominated in the dollar volume of 10 associations, petroleum products in 8, fertilizer in 2, and groceries in 1. Feed accounted for \$425 million of the volume of the 21 associations; petroleum products, \$332 million; and fertilizer, \$155 million.

Dollar volume of feed handled in 1959 showed an increase of 5 percent over that handled in 1958. Petroleum products increased 6 percent and fertilizer 15 percent. Insecticides and fungicides showed the largest increase, 23 percent, followed by tires, tubes, and auto accessories with 18 percent, steel products with 16 percent, and fertilizer with 15 percent.

¹²Eastern States Farmers' Exchange, Inc., Western Farmers' Association, Nulaid Farmers Association, and Poultrymens Cooperative Association distributed supplies direct to individual patrons primarily at retail.

Table 1. - *Supplies distributed by 21 major regional cooperatives handling farm supplies during fiscal years 1958 and 1959*¹

Commodity group	1958		1959		Percent of increase or decrease
	Amount	Percent of total	Amount	Percent of total	
	\$1,000		\$1,000		
Feed	405,538	38.9	425,201	37.9	4.8
Petroleum products	312,801	30.0	332,389	29.6	6.3
Fertilizer	133,949	12.9	154,545	13.8	15.4
Seed	32,150	3.1	34,232	3.0	6.5
Lumber, paint, hardware, and maintenance materials	28,889	2.8	31,704	2.8	9.7
Farm machinery and other farm equipment	27,491	2.6	29,656	2.7	7.9
Tires, tubes, and auto accessories	25,707	2.5	30,334	2.7	18.0
Steel products	15,482	1.5	17,942	1.6	15.9
Insecticides and fungicides	18,744	1.8	23,068	2.1	23.1
Electrical equipment and appliances	7,550	0.7	8,314	0.7	10.1
Groceries	7,758	0.7	8,247	0.7	6.3
Twine	2,773	0.3	2,638	0.2	-4.9
Coal	1,084	0.1	949	0.1	-12.5
Miscellaneous	22,406	2.1	23,281	2.1	3.9
Total	² 1,042,322	100.0	³ 1,122,500	100.0	7.7

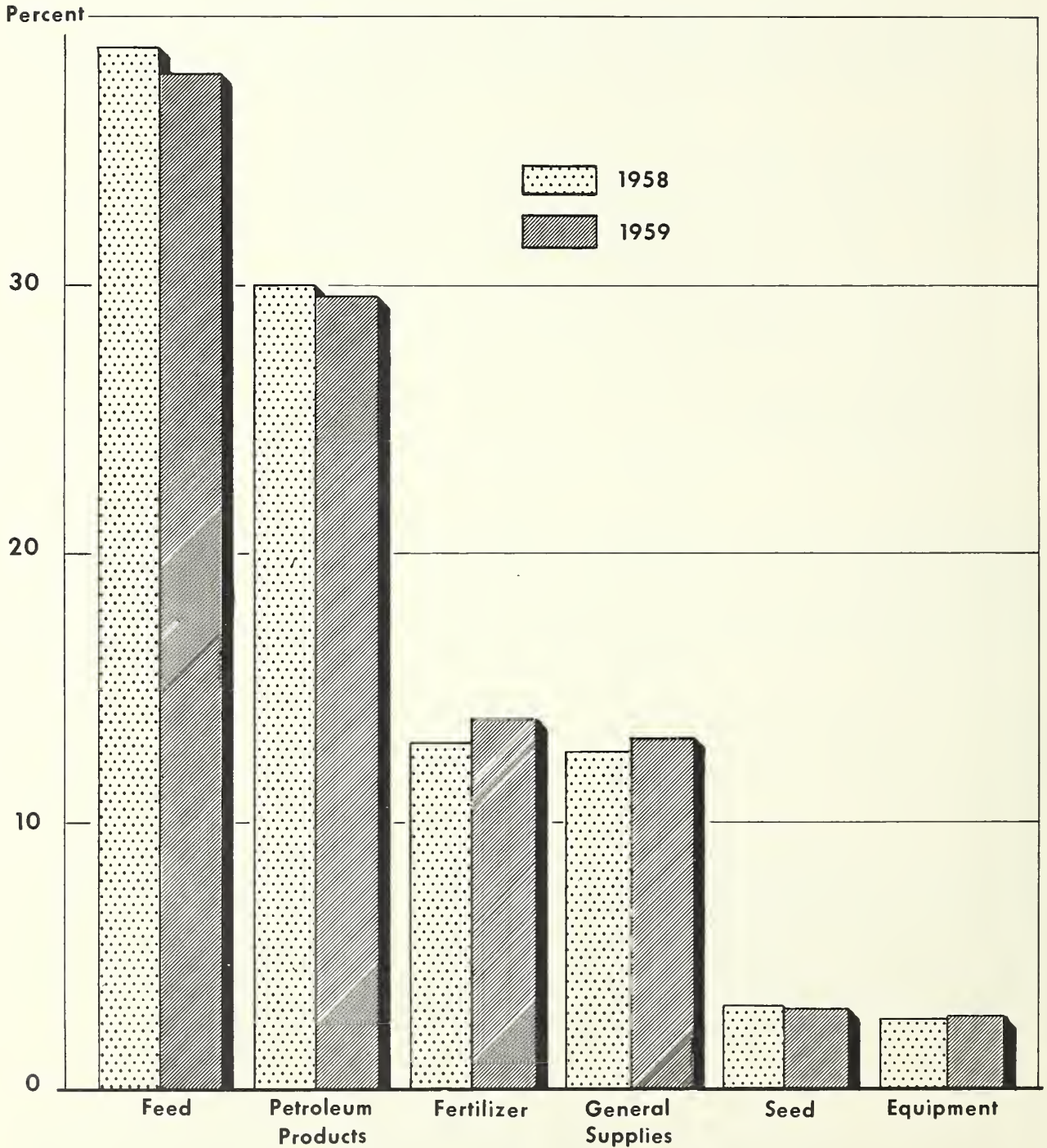
¹Includes the value of supplies distributed at wholesale to local cooperatives by 17 regional cooperatives and direct to patrons (primarily at retail) by 4 associations.

²Includes \$378,950 of interdivision transactions not reported by commodity.

³Includes \$648,467 of interdivision transactions not reported by commodity.

Figure 2

Farm Production Supplies Handled by 21 Regional Cooperatives, 1958-1959



Amount and Distribution of Net Margins

Total net margins available to patrons of the 21 associations amounted to \$50 million for fiscal year 1958 and \$52 million for 1959, showing an increase of 5 percent.¹³

Cash dividends on capital stock increased from \$6.4 million in 1958 to \$7.2 million in 1959--up 12 percent. Patronage refunds distributed in cash amounted to \$12.6 million in 1958 and \$9.6 million in 1959--a decrease of 23.9 percent. Patronage refunds deferred and evidenced in the form of capital stock, certificates of indebtedness of equity, and other equity holdings increased from \$22 million in 1958 to \$30 million in 1959, or 33 percent. Most of these deferred amounts are revolving capital, discussed in the next section of this report. Amounts added to capital reserves (allocated reserves and unallocated surplus) decreased from \$8.4 million in 1958 to \$6 million in 1959, or 33.4 percent (table 2 and figure 3).

Total net margins available to patrons were 3.3 percent of total sales of farm supplies and farm products in 1958 and 3.2 percent in 1959. Such net margins were equivalent to 12.0 percent of the total net worth of the associations in 1958 and to 11.5 percent of their net worth in 1959.

The amount of revolving capital stock, revolving fund credits, and other equity holdings issued in prior years in payment of patronage refunds that were retired in cash in 1958 and 1959 are shown in the next section of this report.

Revolving of Capital

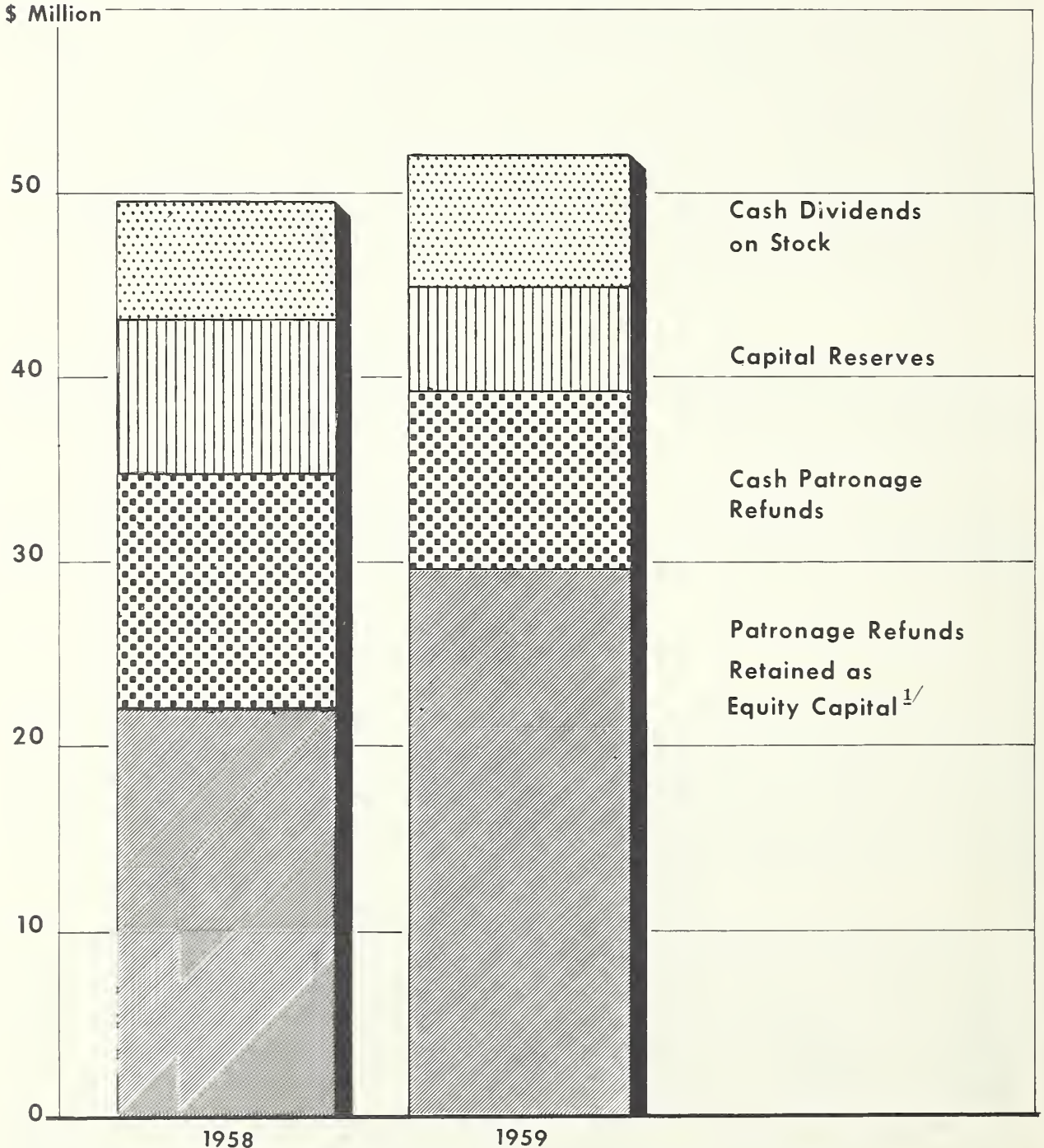
Under revolving capital programs, 12 associations in both 1958 and 1959 reported cash retirements of capital stock or other equities originally issued in payment of patronage refunds for previous years. Such cash retirements totaled \$7.8 million in 1958 and \$9.9 million in 1959. One other association made annual adjustments of its revolving fund so that each member local would hold capital stock in proportion to its patronage with the regional.

¹³Net margins available to patrons represent margins after payment of, or provisions for, Federal income taxes. No attempt was made in preparing this report to obtain income or other tax information because these data would have little comparative significance. Any income taxes shown as paid or accrued by one cooperative cannot be used as a basis for estimating the amount of tax paid or accrued by other cooperatives. Many operate under a contractual obligation to distribute to their patrons all net margins above operating expenses and dividends on capital stock. The remainder have a contract with only their member-patrons to distribute net margins arising from member business. Under established legal principles both types of contracts permit the cooperative to exclude from gross income net margins allocated on a patronage basis in cash or in various forms of patrons' equities.

This right of exclusion applies equally to farmer cooperatives qualifying for exemption under the Internal Revenue Code and also to those that are nonexempt. Qualifying "exempt" associations are permitted to deduct dividends on stock and certain extraneous income in determining their Federal income tax position. Both groups of organizations are subject to essentially all other taxes paid by business enterprises.

Figure 3

Distribution of Net Margins Available to Patrons of 21 Regionals for Fiscal 1958 and 1959



^{1/} A total of \$7.8 million deferred in prior years was retired in cash in 1958 and \$9.9 million was retired in 1959.

Table 2. - *Distribution of net margins available to patrons of 21 major regional co-operatives handling farm supplies for fiscal years 1958 and 1959*¹

Type of distribution	1958 ²	1959	Percent of increase or decrease
Cash dividends on capital stock and other equities	\$6,433,676	\$7,209,847	12.1
Patronage refunds			
In cash	12,565,189	9,559,258	-23.9
In capital stock and other forms of equity capital (excluding allocated reserves)	³ 22,348,315	29,703,530	32.9
Additions to capital reserves (allocated and unallocated)	8,359,312	5,567,899	-33.4
Total	49,706,492	52,040,534	4.7

¹Represents net margins available to patrons after any payments of, or provision for, Federal income taxes.

²Revised.

³Evidenced by capital stock, certificates of equity or indebtedness, revolving fund credits, member equities, and other equity holdings. Cash payments applicable to patronage refunds deferred in previous years under revolving capital programs totaled \$7.8 million in 1958 and \$9.9 million in 1959. Thus net balances equivalent to \$14.5 million of the deferred refunds from 1958 operations and to \$19.8 million from 1959 operations were retained in the associations.

A total of 17 associations used the revolving capital plan of financing. Information from 16 associations for fiscal year 1958 showed that 3 were revolving their capital within a 5-year period, 7 within a 6-year to 10-year period, inclusive, and 6 within a 10 1/2 to 15 1/2-year period.

Total Cash Payments of Net Margins and Revolving Capital

When cash retirements of revolving capital were added to cash dividends on stock and to cash patronage refunds on the current fiscal year's operations, total cash payments to patrons amounted to \$26.8 million in 1958 and \$26.7 million in 1959 (table 3 and figure 4). These amounts were equivalent to approximately 54 percent and 51 percent, respectively, of the total net margins available to patrons for the 2 years.

Table 3. - *Total cash payments of net margins and revolving capital to members by 21 major regional cooperatives handling farm supplies in fiscal years 1958 and 1959*

Type of cash distribution	1958	1959
On current year's operations		
Cash dividends on stock and interest on other equities	\$6,433,676	\$7,209,847
Cash patronage refunds	12,565,189	9,559,258
On earlier years' operations		
Cash payment of deferred refunds, capital stock, and other equities retired under revolving capital programs	7,842,734	9,942,455
Total	26,841,599	26,711,560

Total Net Margins Since Organizing

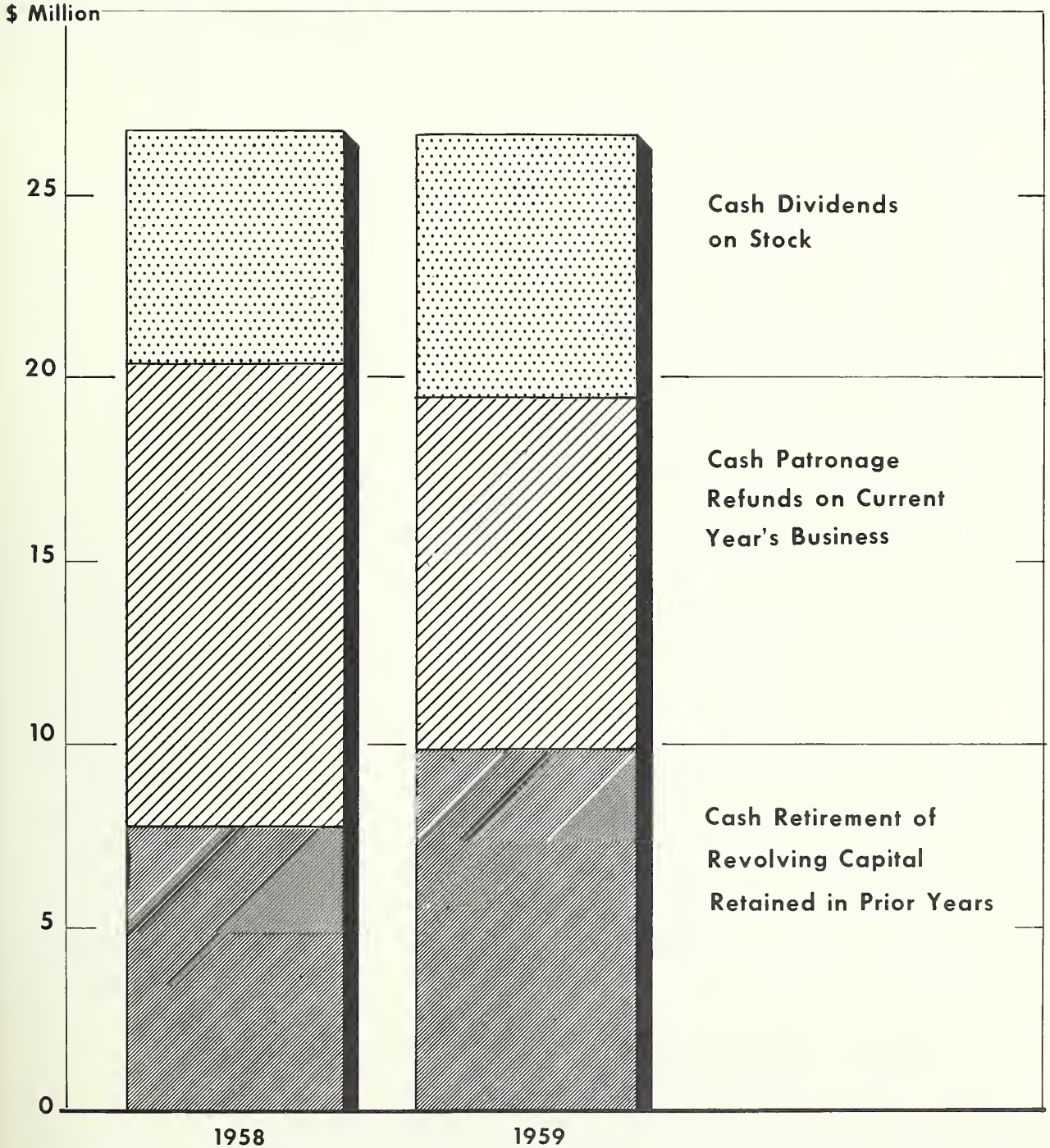
Total net margins available to patrons from the dates they organized through 1959 were reported by 14 regional cooperatives doing 69 percent of the total volume of business of the 21 regionals covered here. The amount and distribution of these net margins follows:

Distribution	Amount
Cash dividends on capital stock and interest on other equities	\$53,341,757
Patronage refunds	
In cash on current year's operations	153,830,774
In capital stock and other forms of equity capital (excluding allocated reserves)	149,941,504
Additions to capital reserves (allocated and unallocate)	104,127,530
Total	461,241,565

Substantial amounts of the patronage refunds of these regionals that were initially paid in the form of capital stock or otherwise deferred for capital purposes have been repaid in cash to members under revolving capital plans. For example, 16 of the 21 regionals in this handbook during the last 8 years repaid \$77.8 million of revolving capital in cash. During this same period they added \$177 million of new revolving capital derived from current patronage refunds. Only a relatively small amount of this, however, was due at the end of 1959 under the associations' present revolving programs.

Figure 4

Cash Payments of Net Margins and Revolving Capital by 21 Regionals in 1958 and 1959



^{1/} Total cash was equivalent to 54% of net margins in 1958 and to 51% of net margins in 1959.

Financial Condition

The financial condition of the 21 farm supply cooperatives at the close of fiscal years 1958 and 1959 is shown in table 4 and figure 5. Current assets increased about \$38 million, or 13 percent. Net value of fixed assets increased \$24 million, or 10 percent. Other assets increased \$4.9 million, or 6 percent. The latter consisted mainly of investments in federations of regional associations that owned wholesaling and manufacturing facilities.

Current liabilities increased 11 percent and other liabilities increased 27 percent in 1959. The associations had \$2.59 of current assets for every dollar of current liabilities in 1959, compared with \$2.54 in 1958.

Members' equities increased 7.6 percent from 1958 to 1959. They represented 67.7 percent of total assets in 1958 and 65.8 percent in 1959.

Table 4. - Consolidated financial statement of 21 major regional farm supply cooperatives at the close of fiscal years 1958 and 1959

Item	1958		1959		Percent of increase or decrease
	Amount	Percent of total	Amount	Percent of total	
Assets					
Current assets	\$296,343,048	47.8	\$334,499,024	48.7	12.9
Fixed assets (net)	235,715,976	38.0	259,318,119	37.8	10.0
Other assets	87,804,272	14.2	92,696,185	13.5	5.6
Total	619,863,296	100.0	686,513,328	100.0	10.8
Liabilities and members' equities					
Current liabilities	116,456,693	18.8	129,129,448	18.8	10.9
Other liabilities	83,450,644	13.5	105,577,264	15.4	26.5
Members' equities	419,955,959	67.7	451,806,616	65.8	7.6
Total	619,863,296	100.0	686,513,328	100.0	10.8

Net Worth or Member Equities

The regional cooperatives reported their net worth or member equities under more than 30 names or items. These were grouped into 11 types in table 5. Complete information was not obtained as to which were allocated and unallocated to patrons and which were in a revolving capital status.

Figure 5

Assets and Liabilities of 21 Major Regional Cooperatives, Fiscal Years 1958 and 1959

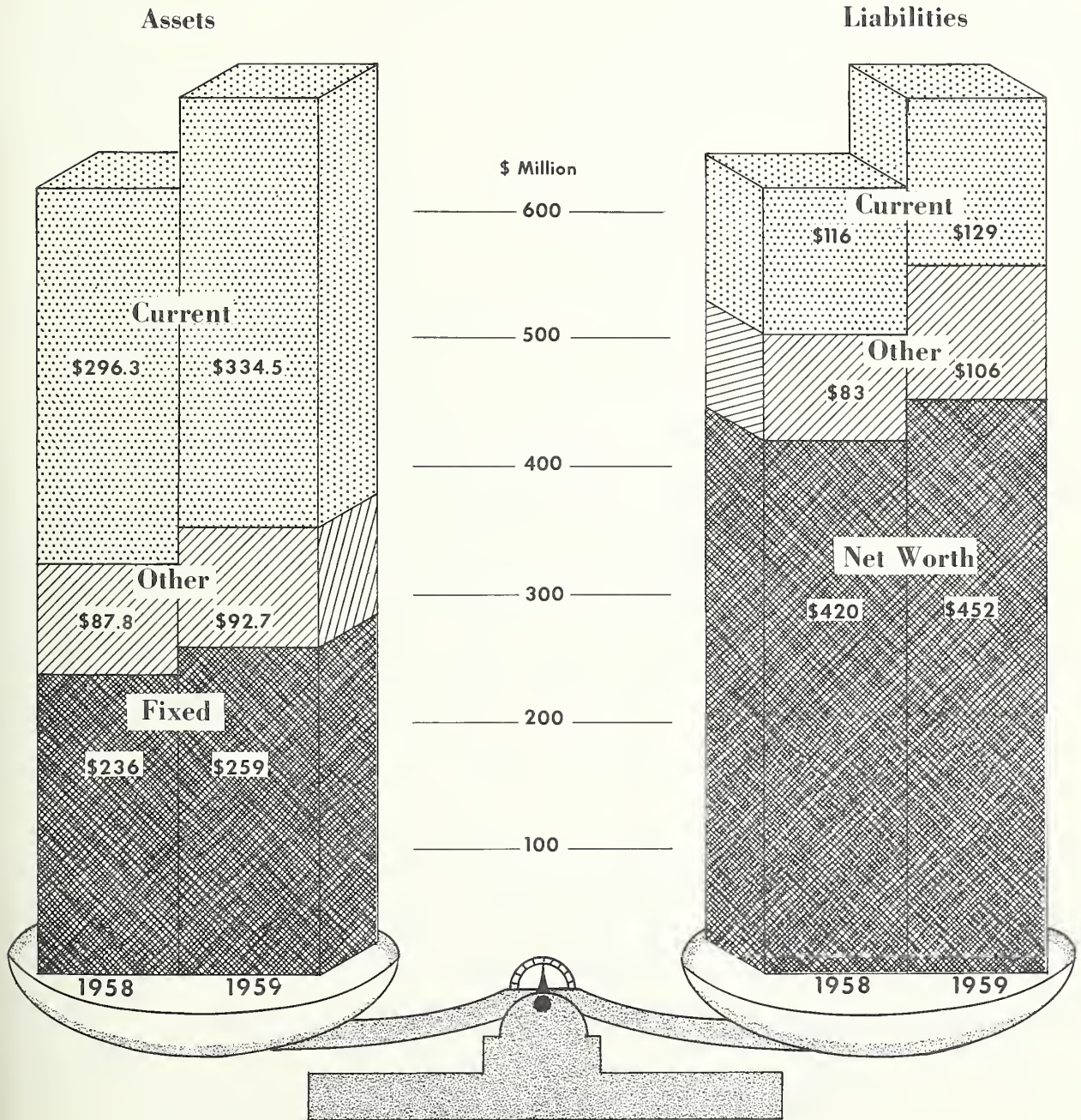


Table 5. - *Net worth or member equity items of 21 regional associations at the close of their 1959 fiscal year*

Items	Number reporting each item	Amount
Membership fees	3	\$226,975
Capital stock and credits ¹		
Common	15	97,494,696
Preferred	14	134,631,673
Part paid (stock credits)	5	683,214
Preferred and common -- affiliates and minority interests of other cooperatives	1	16,163,072
Patronage refunds payable in stock	3	3,647,548
Total capital stock	16	252,620,203
Deferred refunds and other revolving fund equities, book credits, and certificates ²	8	41,519,832
Member-patron equity reserves -- allocated ³	17	77,266,197
General reserves or surplus (mostly unallocated; some allocated) ⁴	9	60,716,530
Net margins and refunds for current year -- undistributed	7	12,045,405
Debenture bonds ⁵	3	7,411,474
Total ⁶	21	451,806,616

¹Some of the capital stock is in a revolving capital status.

²Includes finance funds, capital fund certificates, certificates of equity or ownership, capital reserve certificates, and capital book equities.

³Includes allocated capital reserves, patronage credits, appropriated reserves, special permanent reserves, general reserves, contingency reserves, and allocated surplus.

⁴Includes retained margins, most of which are unallocated; reserves for operating capital and revaluation of facilities; and special permanent reserves.

⁵Includes subordinated debenture bonds and debentures. Most associations listed these under fixed or deferred liabilities.

⁶Three associations require membership fees; 15, common stock; 1, preferred stock; and 2, patronage only as a membership requirement.

Amount and Type of Fixed Assets

The cost and depreciated values of fixed assets used for various purposes in 1959 by the 21 regional cooperatives are indicated in table 6.

Table 6. - *Classification of fixed assets of the 21 regional associations at end of their 1959 fiscal year*

Use of assets	Number of associations	Cost value	Depreciated value
Land ¹	14	\$6,929,596	\$6,794,691
Wholesaling-manufacturing of farm supplies	17	276,168,263	171,210,625
Retailing of farm supplies	4	48,833,777	30,335,723
Marketing of farm products	6	13,299,586	9,691,539
Unclassified	4	64,813,076	41,123,472
Total	21	410,044,298	² 259,156,050

¹Includes site improvements and right of way.

²Does not check with total shown on combined balance sheet because some associations itemized only their principal fixed assets.

Summary of Three Major Regional Marketing Cooperatives

This section summarizes the volume and net margins for the farm production supply operations of three major regional marketing associations.

Dollar Volume of Supplies

Total dollar volume of farm supplies distributed by the three regional marketing associations amounted to \$57,107,199 in 1958 and \$63,959,140 in 1959--an increase of 12 percent in 1959 (table 7).

Table 7. - *Supplies distributed by three major regional marketing cooperatives during fiscal years ending in 1958 and 1959*

Commodity group	1958		1959	
	Total	Percent of total	Total	Percent of total
Feed	\$32,114,267	56.2	\$37,067,907	58.0
Fertilizer	10,040,351	17.6	10,513,941	16.4
Seed	2,369,526	4.2	2,546,109	4.0
Other farm supplies	12,583,055	22.0	13,831,183	21.6
Total	57,107,199	100.0	63,959,140	100.0

Feed was the principal supply item handled. It represented 56 percent of the total dollar volume of all supplies distributed in 1958 and 58 percent in 1959. The total feed volume was about \$32 million in 1958 and \$37 million in 1959, an increase of 15 percent.

Fertilizer represented 17.6 percent of total supply volume in 1958 and 16.4 percent in 1959. Seed represented 4.2 percent of total dollar volume of supplies in 1958 and 4.0 percent in 1959. Dollar volume of all other supplies represented 22.0 percent of total supplies distributed in 1958 and 21.6 percent in 1959.

Net Margins on Supplies

Net margins from the supply operations of the three regionals totaled \$3,822,660 in 1958 and \$4,832,566 in 1959.

Other FCS Publications Available

Manufacture of Fertilizer by Cooperatives in the South, FCS Bulletin 13.
Warren K. Trotter.

Inventory Management by Selected Retail Farm Supply Cooperatives,
Area VI -- New York, New Jersey, Virginia, North Carolina,
and Georgia, General Report 70. John M. Bailey.

Credit Control in Selected Retail Farm Supply Cooperatives, Area VI --
New York, New Jersey, Virginia, North Carolina, and Georgia,
General Report 71. John M. Bailey.

Liquid Nitrogen Distribution: By Local Cooperatives in Nebraska and
Kansas, General Report 82. B. H. Pentecost.

Purchasing Cooperatives -- An Essential Tool for the Modern Farmer,
Information 5. Martin A. Abrahamsen.

The Story of Farmers' Cooperatives, Educational Circular 1.

Using Your Farm Supply Co-op, Educational Circular 6. J. Warren
Mather and Martin A. Abrahamsen.

Forming Farmer Cooperatives, Educational Circular 10.

Statistics of Farmer Cooperatives, General Report 76. Anne L. Gessner.

A copy of each of these publications may be obtained while a supply
is available from --

Information Division
Farmer Cooperative Service
U. S. Department of Agriculture
Washington, D. C.